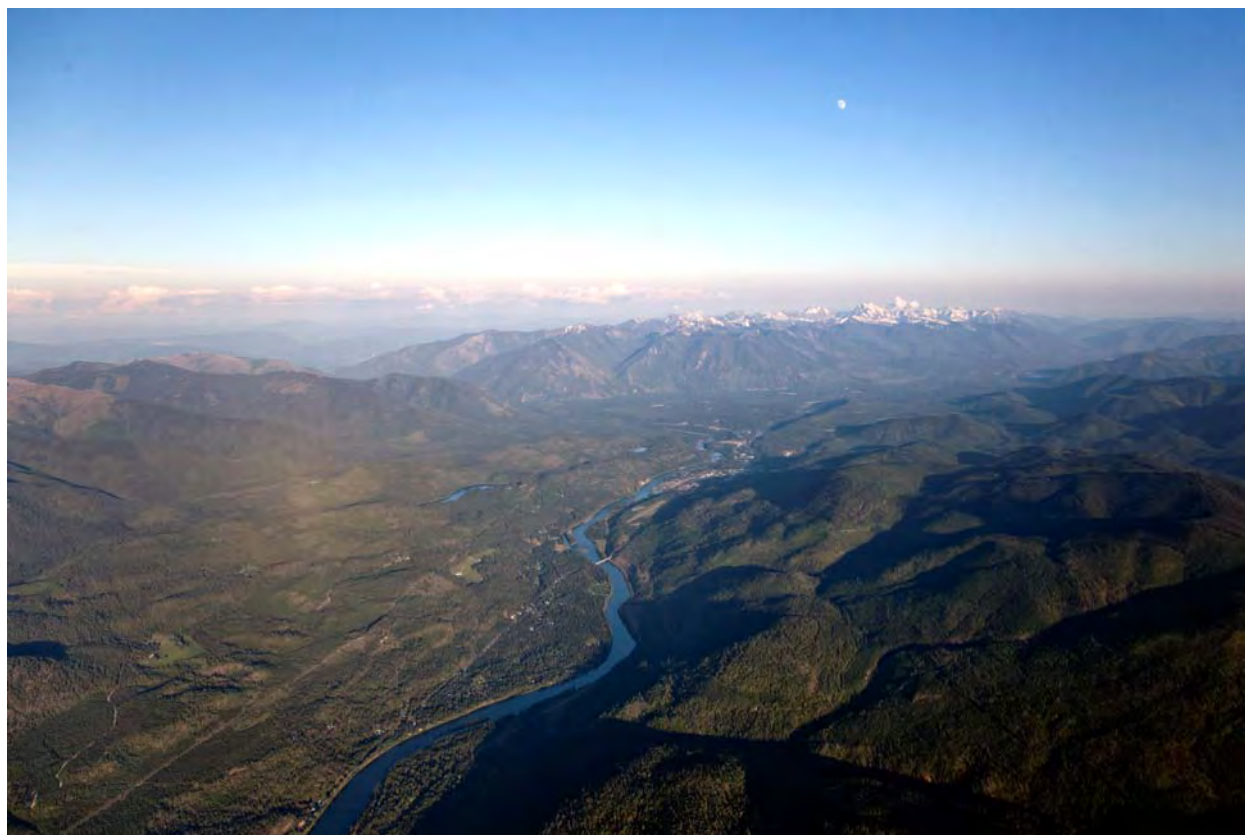


Forest Legacy Project Priority Evaluation for FY2013

Stimson Forestlands Conservation Project



Troy, Montana

July, 2011



Forest Legacy Project Priority Evaluation for FY2013

Stimson Forestlands Conservation Project

1) **TRACT NAME:** Troy/Lake Creek Property

2) **APPLICANT NAME, ADDRESS:**

The Trust for Public Land
111 South Grand Avenue
Suite 203
Bozeman, MT 59715

Attention: Alexander B. Diekmann

3) **LANDOWNER INFORMATION:**

Name: Stimson Lumber Company
Address: 520 S.W. Yamhill, Suite 700
City, State, Zip: Portland, OR 97204-1330

4) **TRACT LOCATION:** (town, township, county)

North and south of the City of Troy, Lincoln County, Montana.

<u>Township</u>	<u>Range</u>	<u>Sections</u>
29 North	33 West	5, 7, 8, 20, 21, 33
29 North	34 West	12, 14
30 North	33 West	3, 4, 5, 6, 7, 9, 18, 19, 20, 21, 29
30 North	34 West	13
31 North	33 West	4, 5, 6, 7, 8, 16, 17, 18, 19, 21, 22, 27, 30, 31, 32, 33
31 North	34 West	1, 2, 5, 6, 7, 11, 12, 13, 14, 15, 17, 18, 20, 22, 23, 24, 25, 26
32 North	33 West	10, 29, 30, 31, 32
32 North	34 West	1, 3, 11, 13, 15, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36
33 North	34 West	8, 25, 28, 33
34 North	33 West	15

5) **CONGRESSIONAL DISTRICT:** At Large

6) **STATE:** Montana

7) **STATE CONTACT PERSON:**

Steve Knapp
Montana Fish, Wildlife & Parks
1420 East 6th Avenue
P.O. Box 200701
Helena, MT 59620-0701

8) **TOTAL ACRES:** \pm 28,000

9) **ESTIMATED TOTAL VALUE:** Low: \$15,000,000
High: \$20,000,000

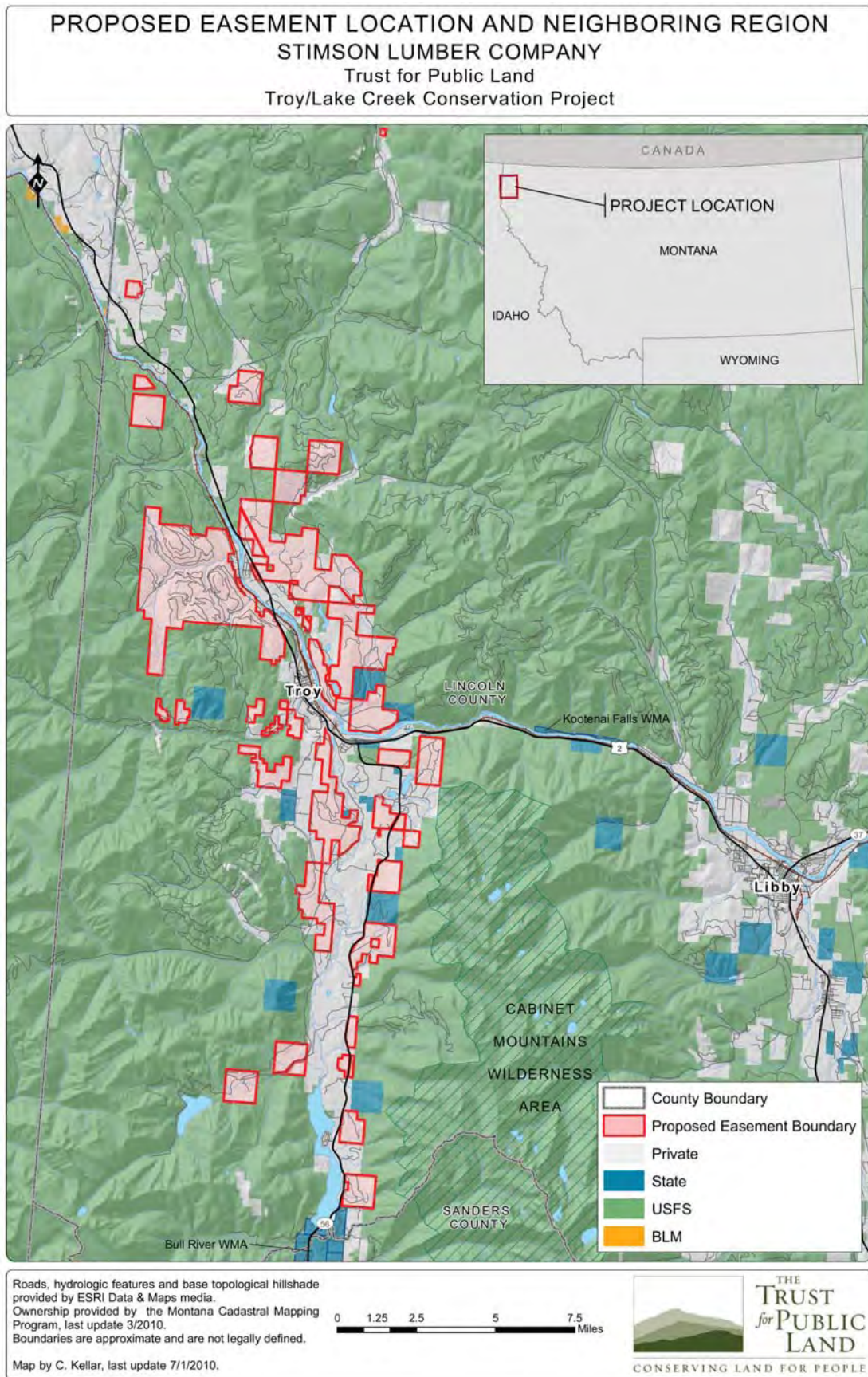
Estimated fair market value for
conservation easement

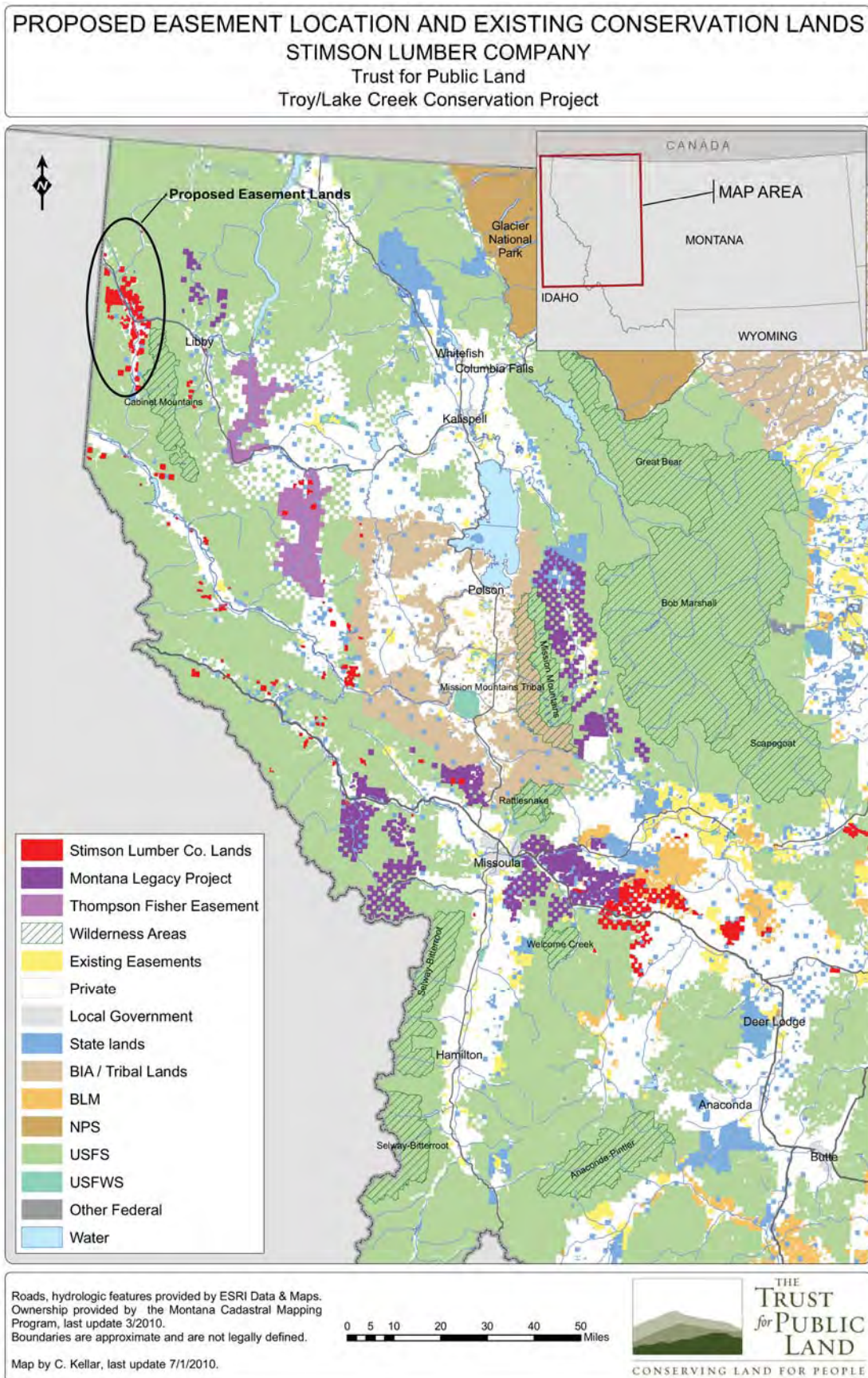
10) **FEDERAL FOREST LEGACY FUNDS REQUESTED:** \$6,500,000

11) **PROJECT IS FOR:** Acquisition of conservation easement

12) **ONE-LINE DESCRIPTION OF TRACT**

The goal of the Stimson Forestlands Conservation Project is to permanently conserve approximately 28,000 acres of highly productive industrial forestlands in the Kootenai River Watershed of northwest Montana for wildlife and fisheries habitat protection, continued sustainable forest management activities and public recreation.





PROJECT SUMMARY

The Trust for Public Land (TPL) is working to protect approximately 28,000 acres of highly productive industrial timberland located in the far northwest corner of Montana near the City of Troy. The property is currently owned by the Stimson Lumber Company, which is headquartered in Portland, Oregon. The contemplated transaction envisions TPL purchasing a conservation easement over the entire property and then conveying it to Montana Fish, Wildlife and Parks (MFWP) for long-term monitoring and enforcement. Funding for the easement purchase would come from the Forest Legacy Program (FLP) and a yet-to-be-determined combination of grants from other potential funding sources, including, but not limited to, the federal Habitat Conservation Plan Land Acquisition Program (HCP), the Bonneville Power Administration (BPA) and the National Fish and Wildlife Foundation (NFWF).

Property description

The property that TPL is seeking to protect consists of various parcels stretching from the south end of Bull Lake, north through the Lake Creek drainage to the City of Troy and then northwest along both sides of the Kootenai River all the way to the Idaho border. The parcels range in size from approximately 70 to 7,200 acres, with the majority of the smaller parcels being private inholdings, which are completely surrounded by National Forest System lands.

Exceptional wildlife and fisheries habitat

The Stimson project area contains some of the best wildlife and fisheries habitat in Montana. The area supports a wide range of signature wildlife species including elk, mule deer, moose, gray wolf, black bear, big horn sheep, mountain goat, fisher and wolverine. It also serves as a core recovery area for the “threatened” Canada lynx and bull trout and an “endangered” population of grizzly bear. Other endemic fish species include westslope cutthroat trout, interior redband trout and a remnant population of the white sturgeon, which the United States Fish and Wildlife Service (USFWS) has designated as being “in danger of extinction” throughout its range. The area also supports a wide range of wetlands and forest dependent birds, many of which are listed as priority species as identified in the Montana Partners In Flight Bird Conservation Plan. And finally, the area has been identified as having critical wildlife connectivity values, providing key linkage zones for various wide-ranging carnivores and ungulates.



Extraordinary timber values

The Stimson project lands are located in one of the best timber growing regions of Montana. Aided by high levels of precipitation and a maritime climate, trees grow faster here than anywhere else in the state, explaining why a Forestland Revaluation Report that was recently completed for the

Montana Department of Revenue ranked Lincoln County #1 in the state in terms of overall forestland productivity. This also helps to explain why the Montana Statewide Forest Resource Strategy, which was recently completed for the Department of Natural Resources and Conservation (DNRC), identifies the area where the Stimson lands are located as one of the highest priority areas for forestland protection in the state

Threat of conversion to non-forest uses

The Stimson project lands are at high risk of being converted to non-forest uses. The demand for subdivision land in the area, especially in the Bull Lake and Lake Creek corridor, is strong - as evidenced by much of Lincoln County's recent preliminary plat approval and lot creation activities being concentrated there. Stimson has already closed its only two mills in Montana and is now in the process of selling almost two thirds of its Montana land holdings, which peaked at approximately 111,000 acres a little more than one year ago. Of the roughly 69,000 acres targeted for disposition,

approximately 12,000 acres have already been sold, with another 13,000 acres either in the closing process or being actively listed for sale.

For now, the Stimson lands in the Troy/Lake Creek area have been classified as a "strategic hold", but this is predicated on the contemplated conservation easement purchase closing, thereby allowing the company to reduce its cost basis in the property to the point where maintaining the



land in timber production makes good economic sense. If the easement purchase fails, there is a high likelihood that the Stimson lands will eventually be sold off for development. Many of the Stimson-owned parcels have obvious highest-and-best-use (HBU) attributes that go far beyond their base timber values. This is especially true in the Bull Lake, Lake Creek and O'Brien Creek areas where the Stimson lands offer easy access and stunning views of the surrounding mountains and are highly developable due to their gently sloping terrain. The risk of these lands being converted to non-forest uses will only increase as the national economy rebounds and local land prices begin to escalate again.

Contemplated easement terms

In its option agreement with TPL, Stimson has agreed to sell a conservation easement over all of its land holdings in the Troy/Lake Creek area. The easement will explicitly recognize and permit the continued use of the property for commercial timber and resource management in a manner that is compatible with the scenic, water quality, fish and wildlife habitat, recreation and other conservation values that the easement is designed to protect. It will also allow for the maintenance, repair, reconstruction and replacement of all the improvements and structures currently located on the

property, provided that such structures are exclusively used in connection with the timber management activities being conducted on the property. Residential, industrial and commercial buildings of any kind, other than temporary structures ancillary to forestry management use, will be prohibited from being located anywhere on the property. And finally, the easement will require Stimson to make the property accessible to the general public for non-commercial recreational uses, including but not limited to hunting, fishing, wildlife viewing and camping. Stimson and MFWP will also develop a Multi-Resource Management Plan, which will describe those steps that Stimson must take to conserve environmentally important wildlife habitat including such matters as retaining vegetative cover, managing roads, restricting seasonal use and preserving special habitat features - all while allowing for continued timber and other resource management activities.

Projected project cost

TPL is requesting \$6.5 million in FLP funding to help make this project possible. This money will be leveraged with at least a 25% in-kind contribution from Stimson in the form of donated land value arising from the bargain sale of the easement. The FLP's share of the purchase price, which has been set at 75% of the easement's final appraised value, only amounts to \$232 per acre, which is far less than what the FLP has been asked to spend on other recently completed FLP-funded projects in Montana.



ELIGIBILITY CRITERIA

The eligibility criteria for the Forest Legacy Program (FLP) stipulate that the property for which funding is being sought must (a) include at least five acres of forested land, (b) involve a willing seller, (c) be located in an environmentally important forest area that is threatened by conversion to non-forest uses, and (d) be 75% forested where the land has at least 10% canopy cover or where such a canopy formerly existed and no development has occurred. The lands that Stimson owns in the Troy/Lake Creek area meet all of these criteria.

The entire Kootenai drainage is widely regarded as being one of the best timber growing regions in Montana. With its "modified Pacific maritime" climate and abundant rain and snowfall, the region grows trees faster and in greater volumes than almost any other place in the state. According to a Forestland Revaluation Report that was completed for the Montana Department of Revenue in 2009, Lincoln County (where all of the Stimson project lands are located) ranked #1 in the state in terms of overall forestland productivity. In other words, the forestlands in Lincoln County have the capacity to produce more board feet per acre under normal management practices than any other county in Montana.

The Stimson project lands themselves currently include eleven different coniferous tree species and almost 92 million standing net board feet of merchantable timber as measured by the Scribner Log Rule (measured to a 4.6" top). Estimated timber volumes by tree species and size class are summarized in thousands of board feet as follows:

Tree Type	Low Stock	Regen	Poles	Small Saw	Sawlog	Total	Percent
Sub-Alpine Fir	--	17	44	117	14	193	0%
Douglas Fir	693	1,388	6,706	11,817	7,923	28,526	31%
Engleman Spruce	--	54	575	912	567	2,108	2%
Grand Fir	26	622	2,987	5,153	2,877	11,665	2%
Lodgepole Pine	38	2,498	1,630	1,700	448	6,314	7%
Mountain Hemlock	--	--	--	22	--	22	0%
Ponderosa Pine	210	1,395	2,108	3,793	1,642	9,147	10%
Red Cedar	20	362	4,510	5,571	2,932	13,394	15%
Western Hemlock	10	117	3,871	5,597	830	10,424	11%
Western Larch	137	1,309	2,145	3,570	1,829	8,990	10%
Western White Pine	--	<u>364</u>	<u>285</u>	<u>323</u>	<u>52</u>	<u>1,024</u>	<u>1%</u>
Total MBF	<u>1,133</u>	<u>8,125</u>	<u>24,860</u>	<u>38,574</u>	<u>19,115</u>	<u>91,807</u>	<u>100%</u>
	1%	9%	27%	42%	21%	100%	
Total Acres	<u>571</u>	<u>9,279</u>	<u>7,623</u>	<u>7,543</u>	<u>2,604</u>	<u>27,990</u>	
	2%	33%	27%	27%	9%	100%	

Low Stock	=	Growing site is not occupied with what foresters consider to be the optimal number of growing trees for a site, generally around one-third of carrying capacity.
Regen	=	Young trees, typically recently planted or natural regeneration, but quite small in diameter or less than 5" in diameter at breast height (4.5') above ground level.
Poles	=	Trees generally considered too young or immature or too small for lumber production, typically with diameters of 5" to 7" at breast height (4.5') above ground level.
Small Saw	=	Logs 16' long with a small end diameter of between 4.5" and 7.4" inside bark. This class of logs is typically used by small log saw mills to produce primarily 2"x 4" or 2"x 6" lumber, also commonly know as studs.
Sawlog	=	Logs 16 feet long with a small end diameter in excess of 7.5" inside bark. This class of log could be used for veneer at a plywood mill or studs or medium to wide widths of dimension lumber at a sawmill.

Connection to state assessment of forest resources

The Food, Conservation, and Energy Act of 2008 set into motion landmark changes in the way trees and forests across the United States will be managed, conserved, used and enjoyed today and for future generations. Building on the State and Private Forestry program of the United States Forest Service (USFS) and its long history of cooperation with state forestry agencies, the law provides new guidance on how forestry agencies and programs will identify and prioritize national, regional, and state forest management goals. To meet the requirements of the new law, each state must complete a Statewide Forest Resource Assessment and Strategy.

In Montana, this mandatory assessment was recently completed by the Department of Natural Resources and Conservation (DNRC). The resulting strategy document, referred to as “Montana’s State Assessment of Forest Resources”, was put together with input and assistance from a Statewide Assessment Working Group, which included more than 40 stakeholders representing all forest ownership types and several forest interests from around the state. The assessment is considered to be a critical part of the USFS’ State and Private Forestry Redesign Program, which was launched in 2008, and is intended to provide a foundation to assist DNRC in prioritizing forested areas of greatest need and opportunity for stewardship and sustainable management, and development a comprehensive long-term strategy to address these needs and opportunities.

The statewide forest resource assessment focuses on the following three national themes:

- (1) Conserving working forest landscapes
- (2) Protecting forests from harm
- (3) Enhancing public benefits from trees and forests

To address these national themes and to develop a plan of action, DNRC’s assessment hones in on five “focus areas”, each with a specific set of strategies and deliverables. These “focus areas”, as it pertains to the Stimson project lands, are reviewed as follows:

Focus Area 1: Forest Biodiversity and Resilience

The Stimson project will help to (a) protect and improve watershed health, including stream, soil and riparian function, (b) maintain/improve terrestrial and aquatic connectivity and (c) protect ecological values on adjoining public lands administered by the Kootenai National Forest. It will also allow Stimson to manage its lands in a way that capitalizes on new market opportunities like carbon sequestration and potential cap-and-trade investment activities.

Focus Area 2: Wildfire & Public Safety

The Stimson project will prohibit development thereby mitigating the risk to people, property and infrastructure of catastrophic losses from fires in the Wildland Urban Interface where many of the Stimson lands are located.

Focus Area 3: Forest Products & Biomass Utilization

By keeping 28,000 acres in active forest management, the Stimson project will help to support the timber industry and forest products infrastructure in Montana. It will also provide a steady supply of forest-based materials while, at the same time, emphasizing the value of ecosystem goods and services obtained through sustainable land management practices.

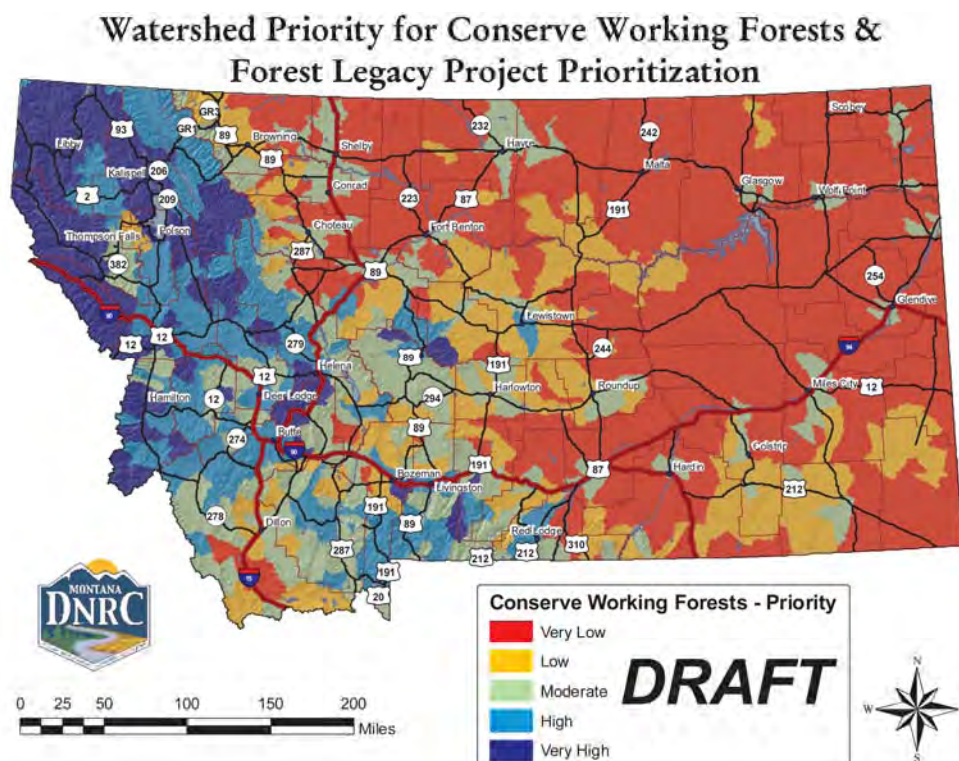
Focus Area 4: Sustainable Urban Forest Landscapes

Not applicable.

Focus Area 5: Changing Forest Ownership Patterns

The Stimson project will allow for ongoing forest management activities on approximately 28,000 acres, while prohibiting subdivision and development activities that would further fragment the forest landscape. It will also help to ensure that one of the most productive timber growing regions in the state remains intact.

In addition to setting forth a detailed array of strategies, action items and eventual deliverables, the DNRC assessment also identifies certain watersheds where the state's working forest conservation work should be focused. This priority landscape map is shown below:



The map clearly shows that the Stimson lands are located in the highest priority area for forestland protection in the state. This is undoubtedly due to the area's incredible timber values, wildlife biodiversity and public recreation values as well as the obvious threat of conversion to non-forest uses that the area faces.

In addition to meeting all of the FLP's minimum forestland requirements outlined on Page 5 of this application, the Stimson lands also meet all of the other FLP eligibility criteria as follows:

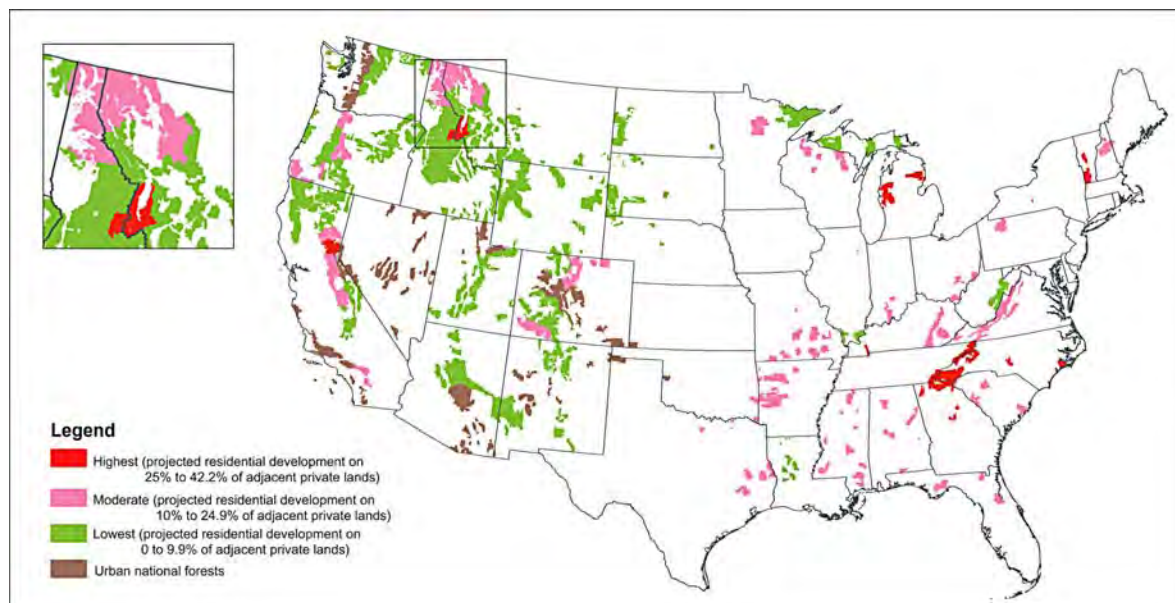
1) The property must be threatened by one of the following:

- a) Conversion to non-forest uses,
- b) Further subdivision into smaller parcels, or
- c) Other detrimental impacts to a remnant forest type in Montana.

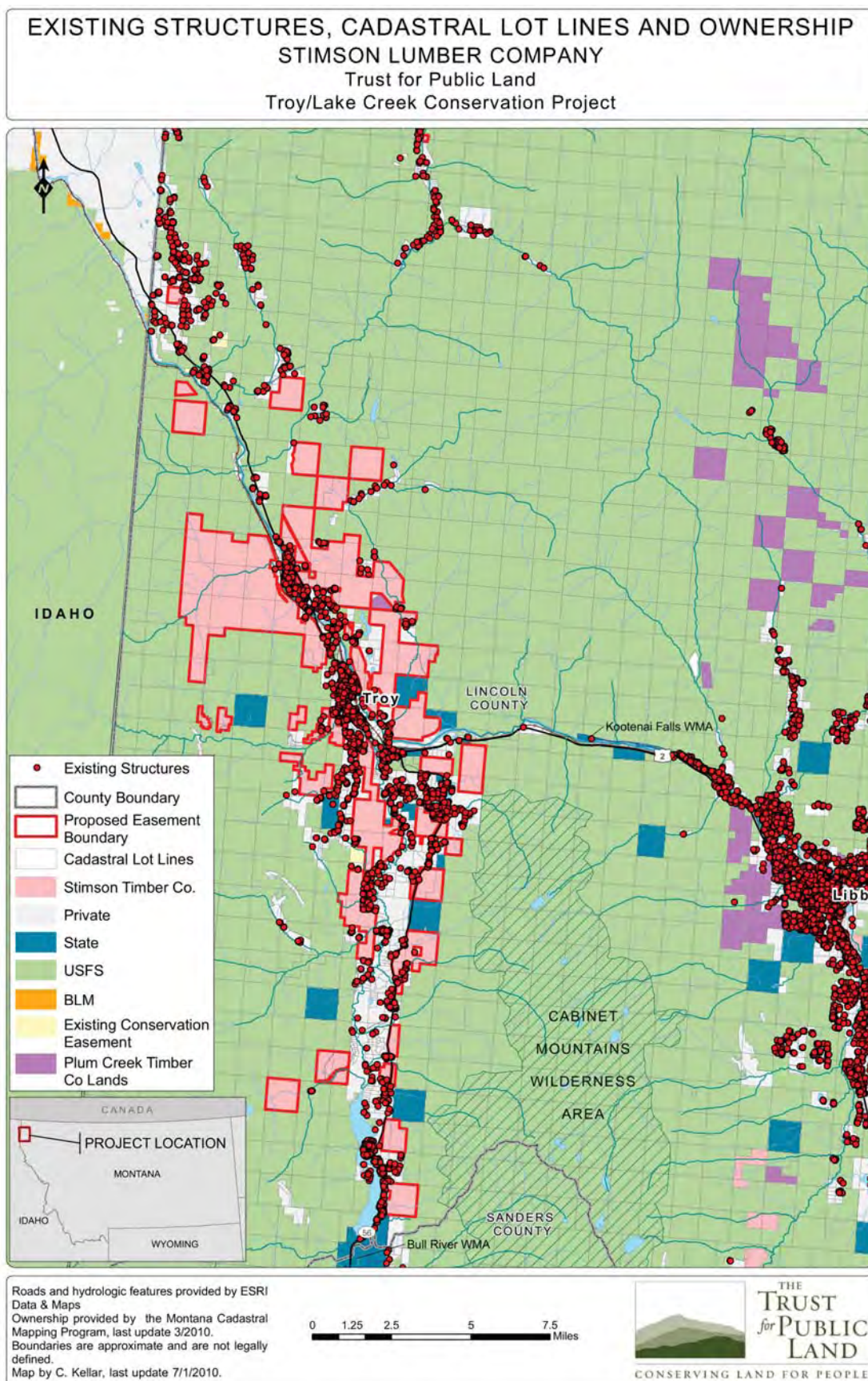
Conversion to non-forest uses

National perspective

In a 2007 study entitled “National Forests on the Edge”, the USFS attempted to identify those national forests throughout the country facing the most increased risks and alterations from escalating housing development on private rural lands along their boundaries. Nine forests, including the nearby Bitterroot National Forest, were projected to experience, between 2000 and 2030, increasing housing density on at least 25% of adjacent private lands at one or more of the distances considered (ie. 0-.5 miles, .5-3 miles, 3-10 miles and 1-10 miles).



As indicated on the above map, the Kootenai National Forest, despite being located in relatively low population area, was identified as a “moderate” risk area where development on adjacent private lands within 10 miles of established Forest Service System boundaries was projected to be between 10% and 25%, making it even more susceptible to development pressures along its borders than even the Gallatin National Forest near Yellowstone National Park. While the study does not say anything specifically about the Kootenai National Forest, one can only presume that its higher ranking is due to the fact that much of the private lands in the Kootenai area are either located in slender mountain valleys or on alternating “checkerboard” sections where they are in very close proximity to existing Forest Service System lands.



Local land use patterns

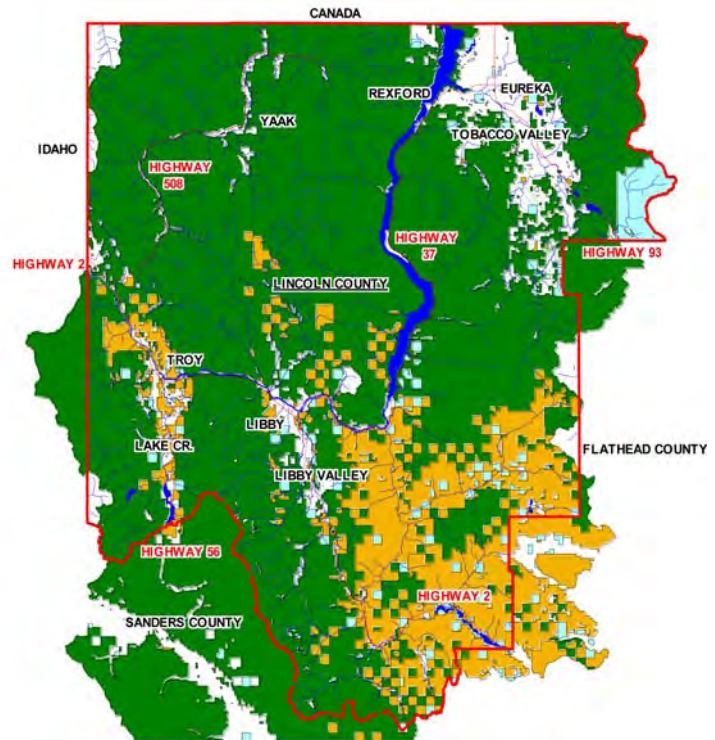
In Lincoln County, where the Stimson project lands are located, almost three-quarters of the total land area is owned by the Kootenai National Forest. Industrial timber companies (primarily Plum Creek) own another 12.5%, with other private parties only owning 9.2%. The remaining balance is either covered by water or owned by the State of Montana and other federal agencies.

With so much land in public ownership, the biggest land use threat facing Lincoln County is the conversion of its industrial forestlands into residential and recreational subdivisions. In light of the faltering timber industry and the continued run-up in recreational land prices, Plum Creek has already begun to sell off widely scattered pieces of its local inventory, increasing the number of homes and developments in the so-called “Wildland Urban Interface” and straining the county’s ability to provide services to these far-flung areas.

The Lake Creek/Bull Lake area, where a good portion of the Stimson project lands are located, have been particularly impacted by this trend. As further described below, Plum Creek held out several tracts of land from its original sale to Stimson. These tracts were subsequently sold at premium prices as highest-and-best-use (HBU) lands to various buyers, including an out-of-state developer who subdivided the lands he bought and then re-packaged them for sale in even smaller tracts, with many now being developed with new homes.

While Lincoln County’s overall population has actually declined a bit in recent years, subdivision activity in the county remains brisk, suggesting that much of the demand for new housing is being fueled, not from within, but by outsiders looking to buy or build second homes.

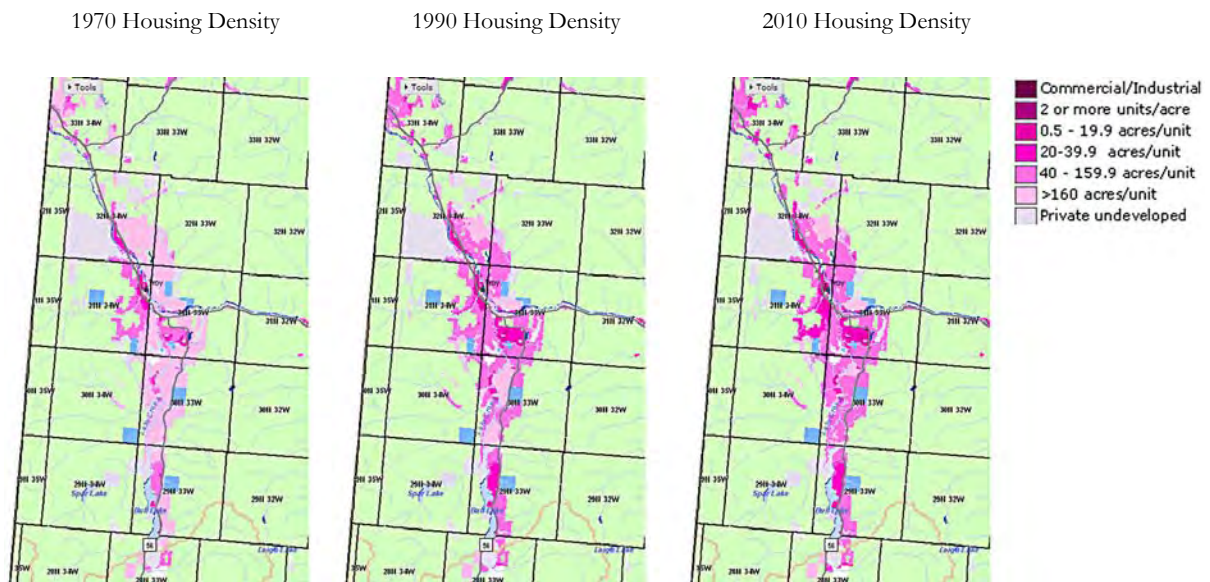
Industrial forestland and other private ownership
in Lincoln County



<u>Year</u>	<u># Plats</u>	<u># Lots</u>	<u>Acres</u>
2001	30	133	703
2002	38	113	1,373
2003	34	110	729
2004	89	221	1,659
2005	54	239	4,024
2006	84	1,115	2,480

As indicated above, preliminary plat approvals and actual lot creations in Lincoln County increased significantly between 2001 and 2006. Most of this upsurge, according to public records, was concentrated in the Tobacco Valley (a wide agricultural valley to the north where the City of Eureka is located) and in the Lake Creek/Bull Lake area. If Stimson were to sell off some or all of the lands that it owns in this area, there is no doubt that they too would be subdivided and eventually developed with homes.

Below is a visual depiction of what the Troy/Lake Creek area has experienced from a development perspective since 1970 according to MFWP's new web-based Crucial Areas Planning System (CAPS):



The clear take-away message from the above depiction is that the Stimson-owned lands near Bull Lake and in the Lake Creek and Kootenai River corridors would be highly susceptible to development if they were ever sold off. The proposed conservation easement purchase would permanently remove this risk.

Landowner considerations

Stimson's ownership in Montana peaked at approximately 111,000 acres in January, 2009. At that time, more than half of these acres consisted of "checkerboard" lands located along the Interstate 90 corridor between Missoula and Drummond.

Last year, Stimson completed an extensive strategic planning exercise, targeting almost 69,000 acres (including everything that it owns east of Missoula) for disposal. To date, approximately 12,000 acres of these "non-strategic" assets have been sold to private investors who will likely sell them for development or resell them as smaller tracts once the real estate market improves. Another roughly 4,000 acres are moving toward closing, and an additional 9,000 acres are being actively listed for sale.

For the time being, Stimson has identified its Troy/Lake Creek lands, along with an additional 14,500 acres (mostly scattered between Missoula and the Idaho border) as “strategic holds”. While these lands have superior timber growing values, there is no guarantee that the company will not list them for sale as well. Stimson has already closed its only two mills in Montana, shuttering its Libby mill in 2002 and its Bonner mill in 2008. These shutdowns caused more than 912 local workers to lose their jobs.

Like many other timber companies across the country, Stimson constantly reevaluates its timberland portfolio, looking for potential highest-and-best-use (HBU) opportunities where that lands that it owns may be more valuable for development, subdivision and/or recreation than for traditional timber harvesting and wood production uses. This is particularly true in the Troy/Lake Creek area where the company’s ownership is scattered over a wide area. While some of the Stimson-owned lands in this area (especially the large contiguous blocks that the company owns north of Troy) are better suited for timber production and backcountry recreational uses, others (like the ones that it owns south of Troy in the Lake Creek drainage, where the road access and views is superb) are HBU lands that could easily be sold off to developers, second homebuyers and short-term investors.

Now is the time to permanently conserve the Stimson lands in the Troy/Lake Creek area. The company is already in the process of divesting itself of almost two-thirds of the land that it owns in Montana. And having closed its only two manufacturing plants in the state, Stimson now has to haul its logs to company-owned mills located farther away in Priest Lake and St. Maries, Idaho.

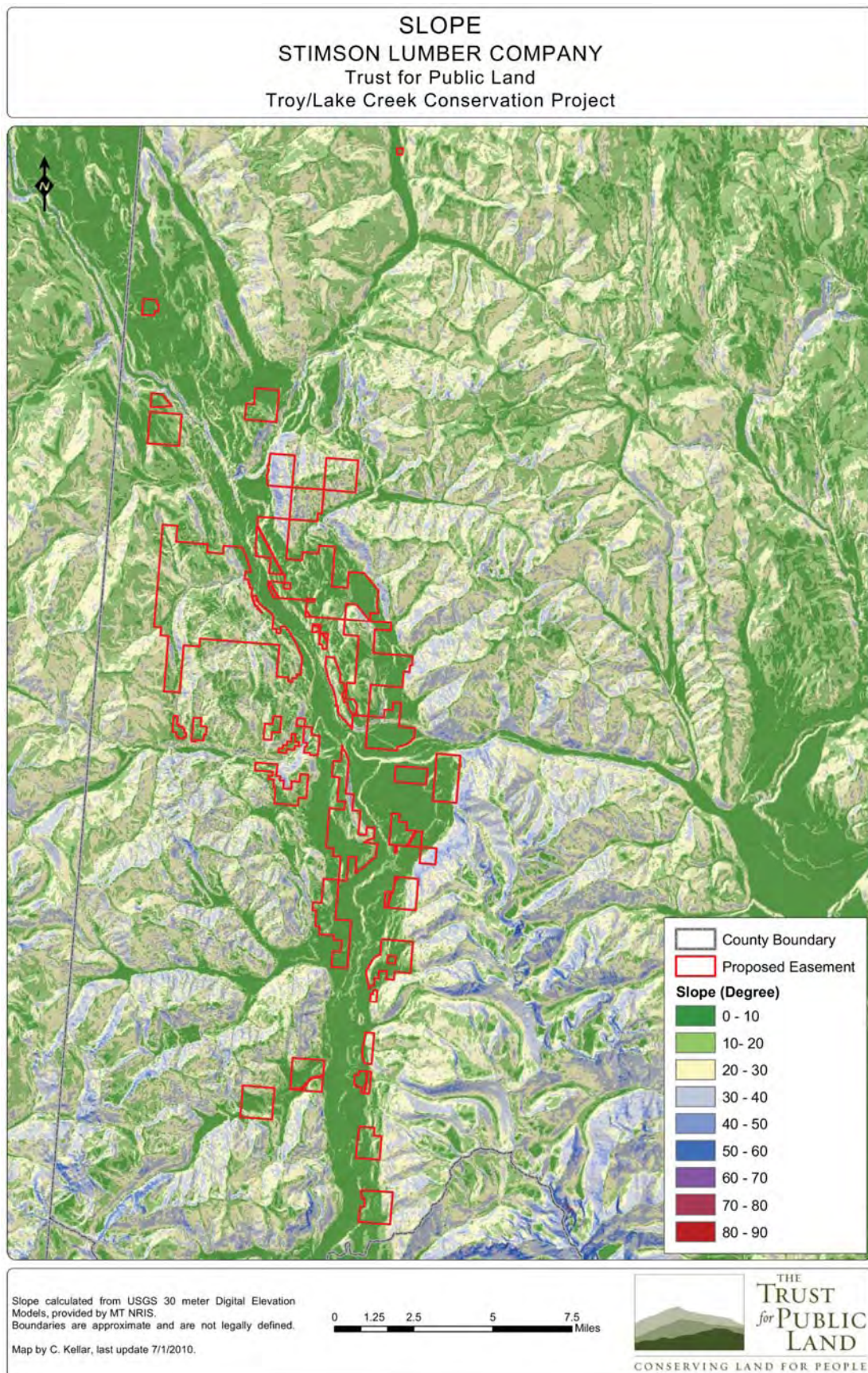
Purchasing a conservation easement from Stimson is absolutely critical. The proceeds from the contemplated transaction would allow the company to reduce its “basis” in its Troy/Lake Creek lands to a point where continuing to own and manage them as working timberlands into perpetuity makes good business and financial sense. If the easement purchase fails, it could easily lead to the property being sold to the highest bidder, especially as market values recover and the demand for second homes in beautiful, out-of-the-way locations continues to rise.

Further subdivision into smaller parcels

Stimson purchased the vast majority of the lands that it owns in the Troy/Lake Creek area from Plum Creek Timber Company (Plum Creek) in May, 2003. Excluded from this sale were several tracts of land that Plum Creek retained on the south end of Bull Lake and along Lake Creek south of Troy. These were HBU lands that Plum Creek sold soon thereafter at premium prices. None of these lands had been subdivided at the time. But now, after seven years, a good portion of this land has been sold off in smaller tracts and developed with homes. Moreover, all of these lands are no longer accessible to the general public as they once were under Plum Creek’s ownership. A similar fate would likely befall the Stimson lands if they too ended up being sold on the open market.

Other detrimental impacts to a remnant forest type in Montana

Not applicable.



2) The property must possess one of the following public values:

- a) Social and economic values,
- b) Natural aesthetic or scenic values,
- c) Public education opportunities,
- d) Public recreation opportunities,
- e) Riparian areas,
- f) Fish and wildlife habitat,
- g) Threatened or endangered species,
- h) Cultural and historical resources,
- i) Traditional forest uses, and/or
- j) Other ecological values

Social and economic values

The Stimson lands provide numerous social and economic benefits to the public, including timber and other forest resources, outdoor recreation opportunities, fisheries and wildlife habitat and watershed resources. Based upon visitor activity surveys conducted for the USFS on the Kootenai National Forest, hunting continues to be the main activity most identified by users, followed by hiking, fishing, gathering forest products (firewood, berries, etc.) and viewing natural features. Based upon anecdotal information, similar uses are directly associated with the Stimson lands. Use by area hunters is particularly prevalent due to the fact that all of the Stimson lands are either located next to or are completely surrounded by National Forest System lands. Continued public use of the Stimson lands is highly likely since the proposed conservation easement will require the company to make its lands permanently accessible to the general public.

Natural aesthetic or scenic values

Tucked away in the far northwest corner of Montana, the Troy/Lake Creek area is an incredibly beautiful place where the scenery is simply unbeatable. Lush valley bottoms, framed by thick evergreen forests and the towering peaks of the West and East Cabinets and the Purcell Mountain range to the north, dominate the landscape. The Kootenai River, which is eligible for wild and scenic designation, also flows through this area as it cascades down from the famous Kootenai Falls, following Highway 2 through rugged canyons all the way to the Idaho border.

The Ross Creek Cedars Scenic Area is located about four miles west of the southernmost Stimson lands. In 1960, this area of old growth western red cedar trees was designated by the the Kootenai National Forest as a special area in need of protection due to its incredible scenic, scientific and recreational values. This portion of old growth forest is an excellent example of a local natural forest ecosystem undisturbed by human management.

Public education opportunities

Permanently conserving the Stimson lands will provide opportunities for on-going and expanded public education activities. The local Yaak Valley Forest Council (YVFC) has a Conservation Education Program that is oriented toward school-age students and focuses on

natural resources and outdoor recreation. Recently, a community dialogue was initiated by the YVFC regarding forest restoration activities and job opportunities on public and private lands. The initiative, called “Working in the Woods”, is a good example of the on-going interest in and ties to the local forest landscape and the education opportunities that it presents.

The New Horizon Learning Center in Troy also has a cooperative partnership with the Federation of Fly Fishers to promote youth experiences related to fly fishing and resource conservation of fisheries habitat. Fly fishing equipment and casting lessons are provided to introduce young people to this popular pastime.

The local school district curriculum also includes activities that introduce students to the natural systems of the surrounding landscape as well as the associated social, economic, recreational and cultural aspects of the area.

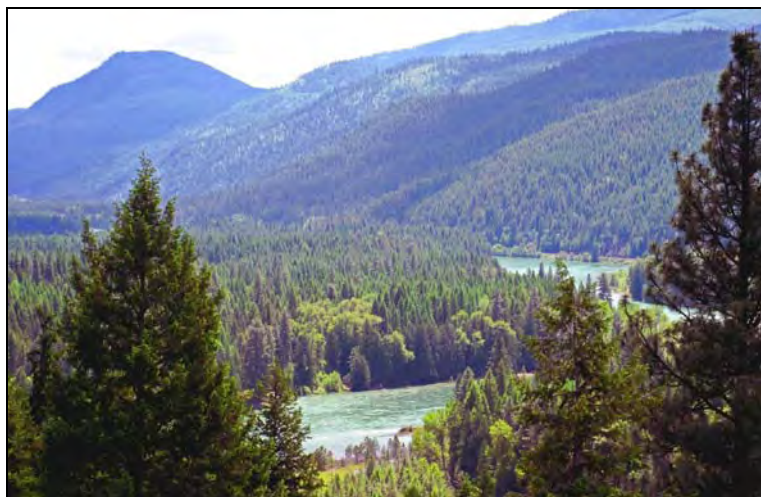
Protecting the Stimson lands from development and leaving them open for public use will enhance these and other educational efforts.

Public recreation opportunities

As noted elsewhere in this application, outdoor recreation opportunities in the Stimson project area abound. Hunting and angling are favorite activities in this area given its superb fisheries and wildlife values. Deer and elk hunting alone are responsible for generating approximately 31,000 hunter days per year in the area, contributing an estimated \$600,000 to the local economy. Other hunting also occurs in the area for black bear, goat, moose, mountain lion, and upland game birds. Driving, hiking, mountain biking, camping, skiing, snowmobiling, ATV use, floating, wildlife viewing, natural resource interpretation and other outdoor recreational pursuits are also very popular. Such recreational activities not only provide personal enjoyment for residents and visitors, but also contribute significantly to the local economy, allowing local outfitters, guides and other outdoor recreation businesses to thrive and prosper.

Riparian areas

Stretching from the south end of Bull Lake all the way north to the Idaho border, the Stimson project area includes many miles of perennial rivers and streams. The Kootenai River flows through the project area for almost 20 miles. Spar Creek, Keeler Creek, Callahan Creek, O’Brien Creek, Ruby Creek and several smaller streams also flow through the project area. Libby Dam, which is east of the project area on the Kootenai River, provides about one quarter of the U.S. water storage capacity for the entire Columbia River hydropower system.



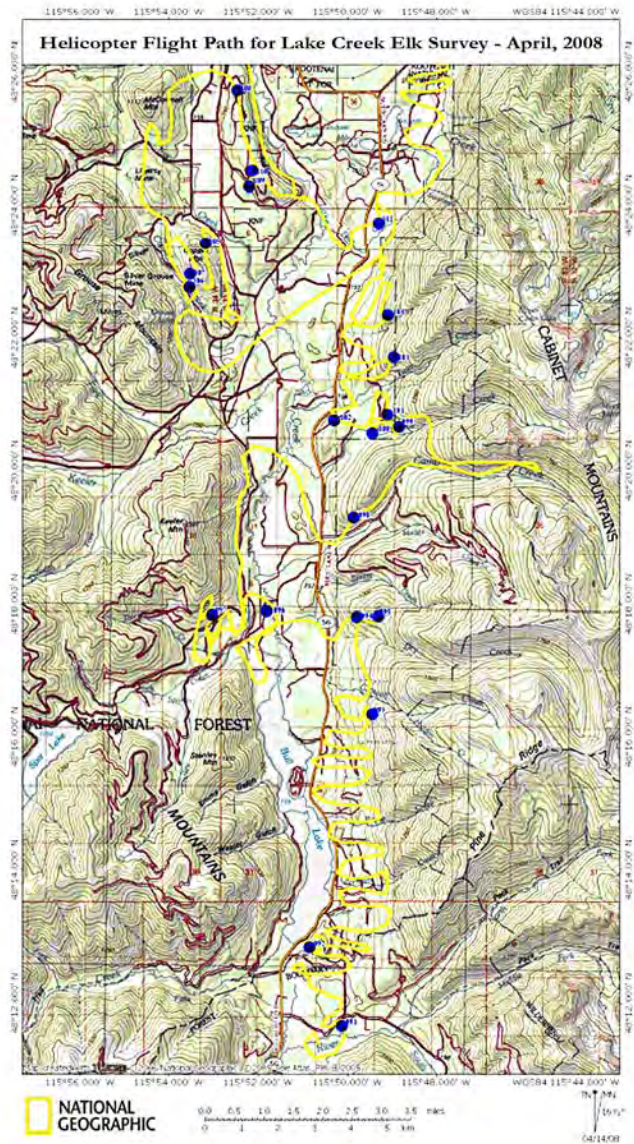
Fish and wildlife habitat

The Stimson project lands and the public lands that surround them provide critical habitat for a wide range of fish and wildlife species. The many perennial streams on the property provide key spawning and rearing habitat for redband rainbow trout, westslope cutthroat trout and bull trout. Wide-ranging ungulates including elk, moose, mule deer, big horn sheep and mountain goats also call this area home, as do black bear, wolverine and fisher. Three separate wolf packs have staked out territories on the project lands, relying on abundant big game species that depend on these lands for survival. One wolf pack established a den and gave birth to pups on the property in 2009. In addition, 127 bird species have been documented on and adjacent to the project area during a 9-year study by MFWP. Nearly all of the project lands are ranked by MFWP as the highest conservation priority due to the presence of 16 of 85 species that are ranked in greatest need of conservation in Montana's Comprehensive Fish and Wildlife Conservation Strategy.

The Stimson lands are particularly valuable winter range areas for deer, moose and elk. Evidence of this is depicted on the elk survey map shown on the right. The yellow line on the map represents the flight path that a MFWP helicopter took up and down the Lake Creek drainage on April 9, 2008. The blue dots represent waypoints where groups of elk were observed. That so many groupings of elk were spotted during one flight on a single day is remarkable.

Threatened or endangered species

The entire Stimson project area provides critical habitat for an "endangered" population of grizzly bear, which continues to cling to existence in this remote part of the state. The Stimson lands include four separate linkage zones identified by the USFWS as being vital to the survival of this grizzly bear population. These corridors also connect important habitat for Canada lynx and wolverine on adjoining public lands. "Endangered" white sturgeon still spawn in the depths of the Kootenai River downstream from the project area, and young sturgeon have been found in streams within the project area. The area also includes important spawning and rearing



habitat for the “threatened” bull trout, including almost 10 miles of stream on Stimson lands that MFWP has rated as being “outstanding” fisheries habitat.

Cultural and historical resources

According to preliminary data that was taken from the Natural Resource Information System (NRIS) digital database, the Stimson lands and the public lands that surround them may be strewn with various cultural resource sites, ranging from old mining camps, historic logging and railroad structures, early fire lookouts and a large variety of native American sites. As further discussed in Section 11 of the Selection Criteria, information identifying specific locations and the nature of these various resources is not yet available.

Traditional forest uses

In addition to commercial forest management, the Stimson project area is heavily used by the local community for firewood collection, fishing, hunting, biking, camping, mushroom gathering, sight seeing, snowmobiling, skiing and huckleberry picking. These assets are important to the local economy and are a major reason people choose to live in and visit this part of Montana.

Other ecological values

Not applicable.

3) The property must meet one of the following planning requirements:

- a) Have a Forest Stewardship Plan approved by the State Forester of his or her designated representative in accordance with National Forest Stewardship Program Criteria, or
- b) In the case of a corporate forest landowner, have a multi-resource management plan that achieves long-term stewardship of forest land, or
- c) Where land is acquired in fee or timber management rights are transferred in the conservation easement, a management plan will be developed by the organization acquiring those rights.
- d) The Forest Stewardship Plan or Multi-Resource Management Plan must be completed and approved before the land transaction is finalized.

Multi-Resource Management Plan

A Multi-Resource Management Plan will be finalized prior to the completion of the easement purchase. This plan will outline how long-term stewardship of the property will be achieved and how the soil, water, aesthetic quality, recreation, timber and wildlife resources will be managed and protected. MFWP has completed such management plans for acquisitions funded through the Forest Legacy Program in the past, and Stimson has already reviewed such plans and has indicated that it is comfortable with the terms and conditions contained therein.

- 4) There must be non-federal matching funds of at least 25% available in the form of cash and/or in-kind contributions. The applicant must have written confirmation from a state or local government willing to hold and monitor the conservation easement or own and manage the land in fee.**

Stimson has agreed to sell a conservation easement over all of its Troy/Lake Creek lands for a bargain price equal to 75% of the easement's final appraised fair market value, with the remaining 25% contributed as donated land value.

The purchase would be funded through a \$6.5 million grant from the FLP and a yet-to-be-determined combination of grants from other sources, including, but not limited to, the Bonneville Power Administration, the Habitat Conservation Plan Land Acquisition Grant Program (administered by the federal Cooperative Endangered Species Conservation Fund and authorized under Section 6 of the Endangered Species Act) and the Acres for America Grant Program (administered by the National Fish and Wildlife Foundation).

Section XIII of the FLP Implementation Guidelines stipulates that the maximum federal contribution for total program costs may not exceed 75% and that each project budget must include a minimum non-federal contribution of 25%. In this case, the minimum "match" requirement will be entirely satisfied with an in-kind contribution from Stimson in the form of donated land value arising from the bargain sale of the easement. If the \$6.5 million FLP funding request described herein is approved, then the minimum required match would be \$2.16 million ($\$6.5 \text{ million} / 75\% \times 25\%$), with the FLP's corresponding share of the easement's final appraised fair market value being at least \$8.67 million ($\$6.5 \text{ million} / 75\%$).

The final match assigned to the FLP portion of the contemplated transaction may end up being greater than the 25% minimum requirement depending on the mix of other funding that is used to help pay for the easement and on the specific match requirements of each funding source.

A preliminary appraisal is being prepared by Pariac Neibergs of Norman C. Wheeler and Associates and will be completed prior to MFWP submitting its priorities to the United States Forest Service for national review and prioritization.

SELECTION CRITERIA

1) Social and Economic Values:

- a) Parcel helps to insure that historic forest uses will continue,
- b) Project is accessible to markets and will contribute to local economies,
- c) Parcel maintains local tax base while demonstrating that conservation and utilization of forest ecosystems are compatible with other land uses, lifestyles and local cultures,
- d) Parcel is in conformance with local plans or other jurisdictions,
- e) Neighbors and the local community support the project

Parcel helps to insure that historic forest uses will continue

Under the terms of the conservation easement and the accompanying multi-resource management plan, the property's forested habitat will be actively maintained and restored, providing commercial forest products to mills in Montana and across the border in Idaho. Public recreational hunting, fishing, camping, boating, hiking, and wildlife viewing will continue to be allowed and encouraged. Other traditional forest uses such as firewood cutting, mushroom collecting, and berry picking will also be allowed to continue.

Project is accessible to markets and will contribute to local economies

As noted elsewhere in this application, the Stimson lands are very accessible by an all-weather road system (as further described in Section 7 of the Selection Criteria), allowing easy removal of forest materials and their efficient transportation to mills or other processing centers. This transportation system has become increasingly important in providing a cost-effective means of moving materials to regional markets, particularly as several local mills have closed in recent years. The region where the Stimson lands are located still has mills (at Priest River, Moyie Springs, Kalispell and Columbia Falls) that could utilize harvested timber from the project area. There are also other mills within the region that could be economically accessed from the project area, depending upon transportation costs. The marketability of forest and wood products is heavily influenced by the local and regional transportation system.

The local road system is also an important element of the area's outdoor recreation and tourism industries, providing outstanding opportunities for scenic enjoyment and easy access to the area's public lands. Hunting, fishing, driving, hiking, mountain biking, camping, skiing, snowmobiling, floating, wildlife viewing, natural resource interpretation as well as other outdoor recreational pursuits are very popular in this area. Such recreational activities contribute significantly to the economic well being of local businesses.

The proximity of the Lake Creek and Kootenai valleys to population centers in Kalispell, Missoula, and Sandpoint also enhances recreation opportunities for residents in those urban communities. The Stimson lands enjoy good access conditions, providing opportunities for public access to these lands and adjoining public lands. On the flip side, this accessibility also increases the development potential and risk for conversion to non-forest uses.

Parcel maintains local tax base while demonstrating that conservation and utilization of forest ecosystems are compatible with other land uses, lifestyles and local cultures

Under the current property tax structure in Montana, the placement of a conservation easement on any given property does not affect its valuation for tax purposes. The Stimson project lands are currently classified as forestland by the Montana Department of Revenue, and this classification will not change once the contemplated conservation easement is put in place.

Maintaining the Stimson lands as a working forest should ultimately save the affected local taxing jurisdictions money. Cost-of-services studies, conducted by groups like the Sonoran Institute and Headwaters Economics, underscore the fact that maintaining agricultural lands, working forests and open space often provide more in revenue to local governments than they demand in services. On the other hand, residential development, especially in ex-urban and far-flung areas like Bull Lake and the Lake Creek corridor, incurs higher service costs than it provides in revenue. Moreover, land development in areas like these has significant social costs, both in the loss of traditional livelihoods, as well as hunting grounds and other recreational opportunities enjoyed by local residents and visitors alike.

Ensuring that the Stimson lands remain in active timber production will not only save taxes and lower social costs, but it will also continue to provide local employment opportunities in the wood products industry as well as the fast-growing outdoor recreation and tourism sectors. Local retailers and service providers, who depend on healthy ecosystems and unmarred landscapes, will continue to benefit from the variety of year-round recreation opportunities that the area has to offer, including hunting, fishing, hiking, mountain biking, camping, skiing, snowmobiling, floating, wildlife viewing and natural resource interpretation. These opportunities would be severely diminished and compromised if the Stimson lands were sold off for development.

Parcel is in conformance with local plans or other jurisdictions

The Lincoln County Growth Policy, which was adopted in June, 2009, provides background information on the county and notes that the local economy was historically based on land-based activities like mining and forestry and on construction activities associated with the building of Libby Dam on the Kootenai River. It also notes the decline of harvested timber volumes from the Kootenai National Forest, which accounts for approximately three quarters of the county's total land area.

The growth policy plan acknowledges the national and local trends of the changing complexion in the ownership of private forestland holdings and states that the most significant effect on Lincoln County land use will be the result of forest industry companies disposing of or developing their land by creating residential or recreational subdivisions. Resultant rural housing developments will continue to place a strain on the county's ability to provide local services, particularly when it comes to the fire fighting capabilities of local volunteer fire departments.

Specific to the Stimson project area, the Lake Creek drainage south of Troy is an area that is seeing increased development activity primarily due to the changing land use from timber production land held by corporations to private residential subdivisions. The potential for new houses springing up in this area is growing each year, with little infrastructure in place to support them.

One of the major goals of the growth policy is to maintain the rural character of the county and to preserve traditional and historic land uses, while preserving open space, the natural landscape, native vegetation and wildlife habitat to the greatest extent possible.

The growth policy document is only a guide for future growth and physical development. It does not contain any regulatory restrictions that would prevent rural forestland from being converted to non-forest uses. It does, however, identify conservation easements as a growth policy implementation tool - the use of which will continue to be encouraged throughout the county. The proposed conservation easement on the Stimson lands is a logical mechanism for helping to implement the county's growth policy and would help to address several stated goals - most notably the protection of water resources, wildlife habitat and scenic resources, not having to extend local services to far flung places and the desire foster coordination between multiple agencies, landowners and other interest groups.

Neighbors and the local community support the project

Several organizations and individuals in the Troy and Libby areas have expressed interest and support for this project. Letters of support are attached to this application, and a list of supporters is included in Section 5 of the Selection Criteria below. Much of the support that is being voiced for this project stems from long-standing concerns that the Stimson lands may be subdivided, developed or otherwise converted to non-forest uses, producing undesirable adverse effects on area's incredible natural resource, recreation and traditional forest management values. In the coming months, TPL, in coordination with Stimson and MFWP, will continue to reach out to the local community and other interest groups, informing them of the proposed easement purchase and addressing any identified issues of public concern.

2) Ecological Values:

- a) Parcel contains all or a portion of a unique biological or ecological community,
- b) Project will help maintain and restore natural ecosystem functions,
- c) Area contains tree species whose range or abundance is threatened by pathogens,
- d) Area contains tree species that are rare or unique to the state of Montana.

Parcel contains all or a portion of a unique biological or ecological community

As further elaborated in Section 10 below, the Stimson lands in the Troy/Lake Creek area possess tremendous ecological values. They provide vital habitat for two federally listed "endangered" species (grizzly bear and white sturgeon) and two "threatened" species (Canada lynx and bull trout). They support an incredibly diverse assemblage of native fish and wildlife. They have important wildlife linkage values. And they provide important buffers between higher elevation public lands and the area's private lands, which tend to be concentrated on the area's valley floors.

Project will help maintain and restore natural ecosystem functions

The contemplated conservation easement purchase on the Stimson lands will maintain and restore natural ecosystem functions in the following ways:

- It will prevent habitat fragmentation by permanently removing the risk of subdivision, backcountry development and conversion to non-forest uses.
- It will maintain critical habitat for a wide range of wildlife species, including numerous endangered, threatened and sensitive species of concern.
- It will help wildlife managers meet recovery goals for grizzly bear, Canada lynx and bull trout, westslope cutthroat trout and native redband rainbow trout.
- It will help to maintain and promote habitat connectivity for wide-ranging wildlife species like grizzly bear, wolverine, Canada lynx, gray wolf and elk.
- It will protect critical habitat for a variety of important fish species, including bull trout, redband trout, westslope cutthroat trout and white sturgeon.
- It will buffer adjoining National Forest System lands from development occurring along the Lake Creek and Kootenai River valleys.
- It will guarantee that future timber management activities are conducted in a sustainable way, incorporating measures to protect water quality, biodiversity, wildlife habitat and species recovery.

Area contains tree species whose range or abundance is threatened by pathogens

Like all forested lands, the trees on the Stimson property are constantly under threat of attack by various animals, insects and pathogens – a natural part of the ecological process. While instances of white pine blister rust, mountain pine beetle, western pine beetle, Douglas fir bark beetle, various tree root rots, bear damage, deer and elk browsing damage, just to name a few, can be found on the property, nothing is approaching epidemic levels. As part of their normal stewardship responsibilities, Stimson land managers constantly look for and monitor potential threats and try to respond appropriately (as may be economically feasible and operationally practical) before things get out of control.

Area contains tree species that are rare or unique to the state of Montana

Although generally rare in other parts of Montana, Pacific Coast tree species are common over a large part of the so-called “Northwest Forest Legacy Area” as identified in Montana’s original Assessment of Need document. This area encompasses Lincoln, Flathead, Sanders and Lake Counties. Among the species of Pacific Coast trees that are generally restricted to this part of the state are western and mountain hemlock, western red cedar, grand fir, Pacific yew and western white pine – all of which can be found on the Stimson lands and all of which are able to grow in this region due to its high precipitation levels and modified maritime climate.

Another unique forest feature of the local area is the 100-acre Ross Creek Cedars Scenic Area, which is located within the Kootenai National Forest approximately four miles west of Bull Lake where some of the southernmost Stimson lands are located. Some of the cedar trees in the

grove are more than 500 years old. Area loggers first noted the beauty of the grove and then worked to protect the tall trees. In 1960, the Kootenai National Forest set aside the Ross Creek Cedar grove and established it as a scenic area protecting it for scientific and recreational value. It is an excellent example of a local natural forest ecosystem undisturbed by human management activities.

3) Management of surrounding lands and manageability:

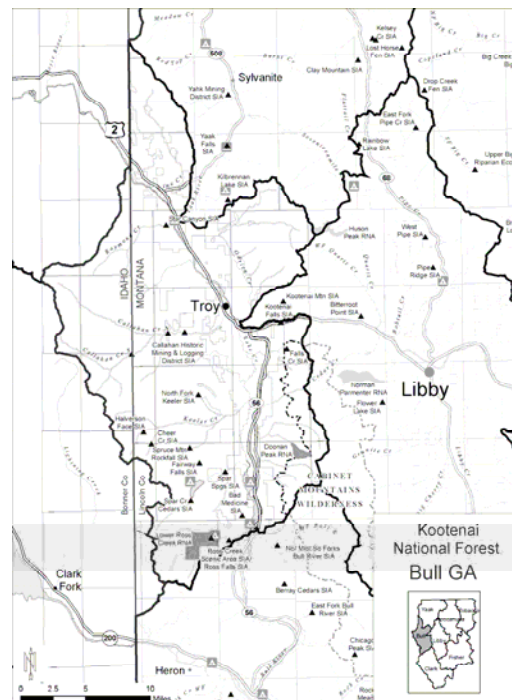
- a) Adjacent land use is compatible with the objectives of the Forest Legacy Program,
- b) Parcel is of sufficient size that its natural or public values will remain intact regardless of surrounding land management,
- c) Intensity and expense of management activities to protect the property's values is economically feasible,
- d) Property can accommodate proposed priority uses or management activities without endangering or degrading its natural values,
- e) Noxious weed control is addressed in the stewardship or management plan, explain here the intensity of weed control past and future.

Adjacent land use is compatible with the objectives of the Forest Legacy Program

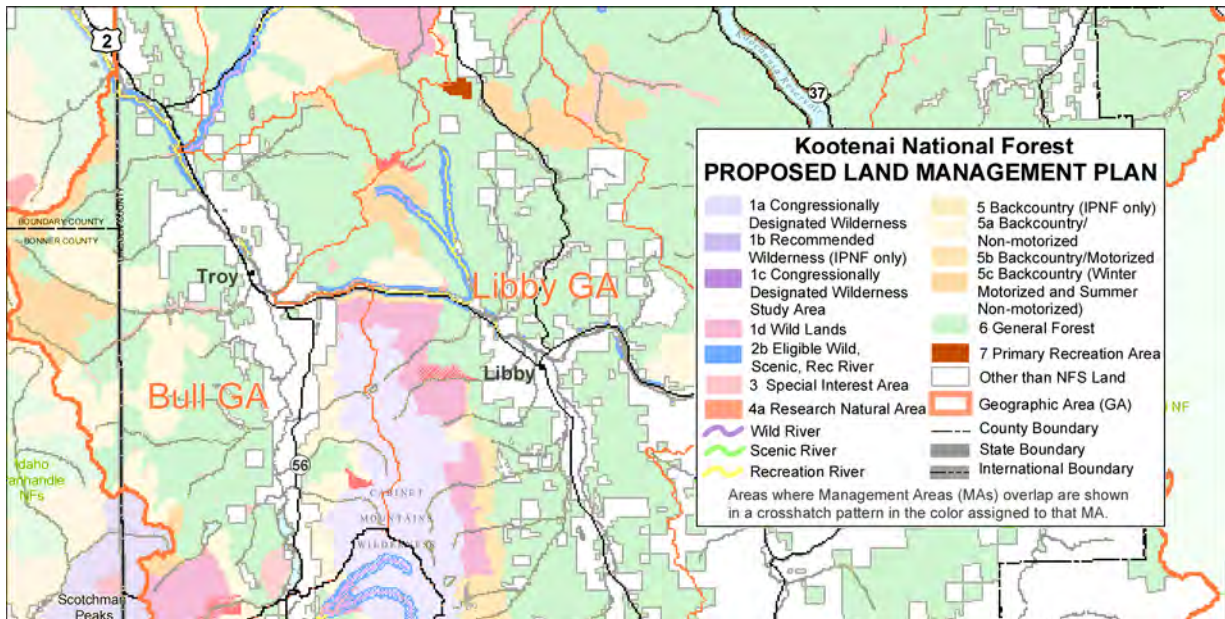
The 28,000 acres that Stimson owns in the Troy/Lake Creek area are inextricably woven into the public landscape, with the vast majority either bordering or completely surrounded by National Forest System lands. The Kootenai National Forest manages these lands (especially those that directly abut the Stimson parcels) in a manner that is fully compatible and complimentary with the goals and objectives of the FLP. Timber harvesting, motorized and non-motorized uses, fuel reduction treatments, and a wide variety of public recreation opportunities are generally permitted, provided that such uses do not unduly impinge on the area's important wildlife values.

As shown to the right, almost all of the Stimson lands are located within the 294,600-acre Bull Geographic Area of the Kootenai National Forest. 80% of the Bull Geographic Area is owned by the United States. It contains six separate inventoried roadless areas totaling 91,000 acres or 39% of the National Forest System lands that are located there. It also includes 15,000 acres of the Cabinet Mountains Wilderness Area, which is located slightly east of the Stimson project area in the East Cabinet Mountains.

Mining within the Bull Geographic Area has been important since 1985, when several large mines opened near Callahan Creek. The ASARCO mine, in the Lake Creek drainage,

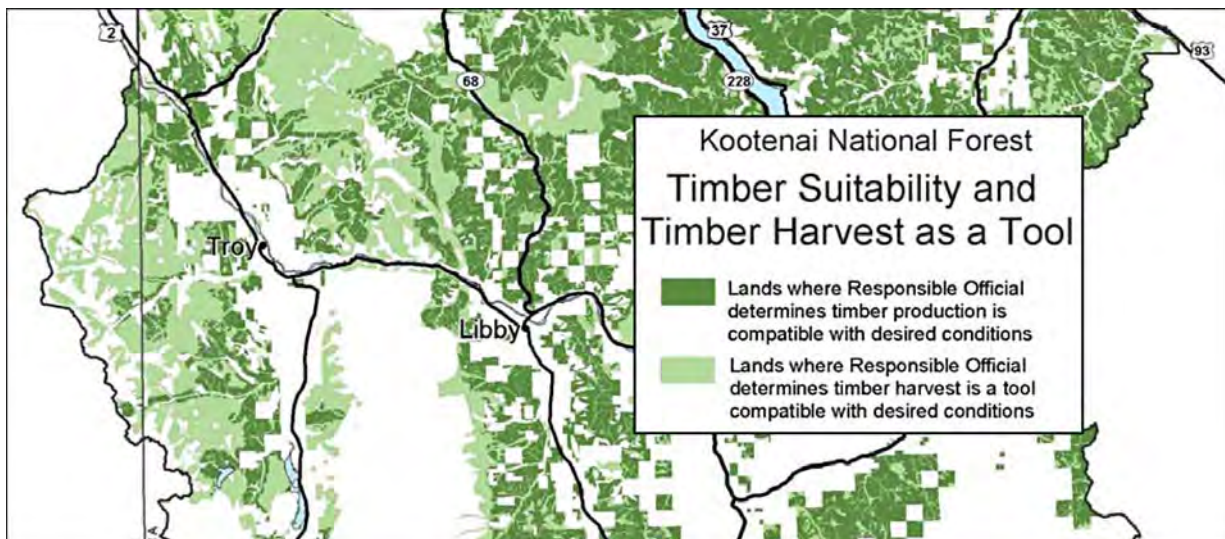


opened in the 1980's but shut down in 1993. Logging has also been important in this area. River drives of logs to Bonners Ferry in Idaho where common in the early 1900's and the old mining narrow-gauge railroads were used to carry logs down to the mail rail line along the Kootenai River.



As indicated above, the majority of the Stimson lands are bordered on one or more sides by National Forest System lands that have been designated by the Kootenai National Forest as “general use” areas where regulated timber management activities and a variety of recreation opportunities (both motorized and non-motorized) are permitted to occur.

As shown below, these areas have also been designated as places where timber harvesting is either compatible with or can be used as a tool for achieving desired ecological, economic and social conditions as set out in the Kootenai National Forest Land Management Plan.



Parcel is of sufficient size that its natural or public values will remain intact regardless of surrounding land management

At 28,000 acres, the Stimson project lands are undoubtedly large enough to be managed as a single, standalone unit for timber management and wildlife habitat conservation purposes and to ensure that their natural and public values will remain intact regardless of what happens on the surrounding public and private lands. In addition, conservation of the Stimson lands will provide a permanent buffer to the adjoining national forest lands from development occurring in the Lake Creek and Kootenai River valleys.

Intensity and expense of management activities to protect the property's values is economically feasible

The contemplated conservation easement purchase on the Stimson lands will not involve any added costs when it comes to protecting the property's ecological, economic and social values. This is particularly true since the property is already being managed, for the most part, in a way that is consistent with terms of the conservation easement that will eventually be put in place at closing.

As mentioned below, Stimson already manages all of the timberlands that it owns in Oregon, Washington and Montana according to the standards established by the Sustainable Forestry Initiative (SFI) program. Under these standards, Stimson is required to conduct all of its land practices in a way that promotes sustainable forestry management, taking into consideration all forest values. This includes taking measures to protect water quality, biodiversity, wildlife habitat, species at risk, and forests with exceptional conservation value. As a certified SFI member, Stimson collaborates with a wide range of scientists, economists, government agencies and conservation groups conducting research and on-the-ground work aimed at improving forest practices on its timberlands and addressing site-specific conservation concerns.

With respect to its Troy/Lake Creek lands, Stimson is also obligated to conduct its timber managing practices in accordance with the Native Fish Habitat Conservation Plan (HCP) that Plum Creek Timber Company, as the prior owner, put in place in 2000. This 30-year plan applies to 1.3 million acres of currently or formerly owned Plum Creek land in Montana. Under this plan, habitat for eight species of native trout and salmon (most notably bull trout, which have been listed as "threatened under the Endangered Species Act) are protected in over 1,300 miles of fish-bearing streams on what is or used to be Plum Creek-owned property. The plan contains 56 conservation commitments, covering a wide range of activities including timber harvest, road construction, stream habitat protection and enhancement and livestock grazing.

Placing a conservation easement on the Stimson lands is primarily designed to remove the threat of development and conversion to non-forest uses. Most of the conservation practices that will be built into the contemplated conservation easement are already in place, with Stimson managing its lands pursuant to the requirements of the SFI program and those of the Plum Creek Native Fish HCP. Little added cost will be incurred by the company as a direct result of the easement being put in place.

Moreover, MFWP, as the future holder of the easement, has all of the administrative tools that it needs to effectively manage the Stimson easement after it is recorded. MFWP already holds several FLP easements throughout Montana. Adding the Stimson easement to its portfolio will

not materially increase the intensity or expense of the management activities that MFWP must conduct as part of its long-term monitoring and stewardship responsibilities.

Property can accommodate proposed priority uses or management activities without endangering or degrading its natural values

The Stimson lands are located in one of the most productive timber growing regions of Montana and in an area where corporate owners have been managing most of the private lands as industrial timberland for many decades. The sustainable timber management practices employed by these various owners over the years have not unduly endangered or degraded the natural values of the area, which still boasts world class wildlife habitat and exceptional recreational opportunities. Placing a conservation easement on the Stimson lands will only enhance the long-term protection of the area's natural values since it will permanently remove the threat of development and conversion to non-forest uses.

Noxious weed control is addressed in the stewardship or management plan, explain here the intensity of weed control past and future

Noxious weed infestation in the Kootenai drainage is generally limited to the Highway 2 and 53 corridors and the City of Troy. Noxious weeds are not prevalent on the Stimson lands given the low volume of vehicular traffic and other motorized uses that occur there. Even so, Stimson has a policy of working cooperatively with adjoining private landowners and the Kootenai National Forest to reduce the spread of noxious weeds on its lands through access, prevention and chemical/biological control measures.

4) Urgency

- a) High risk: Conversion to non-forest use is likely to occur within 3 years,
- b) Moderate risk: Conversion to non-forest use is likely to occur within 3 to 5 years,
- c) Low risk: Conversion to non-forest use is likely to occur within 5 to 10 years.

High risk

As noted above, Stimson recently completed an extensive strategic planning exercise, targeting almost 69,000 acres (including everything that it owns east of Missoula) for disposal. This represents more than half of the timberland that Stimson owned in Montana in early-2009 when its ownership in the state peaked at 111,000 acres.

For now, the 28,000 acres that Stimson owns in the Troy/Lake Creek have been classified as a "strategic hold", provided that the contemplated conservation easement purchase closes, thereby allowing the company to reduce its cost basis to a point where continuing to own and manage them as working timberlands into perpetuity makes good business and financial sense. While these lands have superior timber growing values, there is no guarantee that the company will not sell them off for development as the national economy improves and local land values recover.

The sell-off risk is especially acute in the Lake Creek drainage where Stimson's ownership is not consolidated but rather spread out over a wide area. Many of the parcels that Stimson owns in this corridor could easily be classified as HBU lands given their easy accessibility and

tremendous views of the surrounding mountains and valley floor. Their manageable size (generally less than 1,000 acres each) also makes them perfect candidates for one-off sales at premium prices.

And compounding the risk of conversion to non-forest uses is the fact that Stimson has already closed its two only production sites in Montana, shuttering its Libby facility in 2002 and its Bonner plant in 2008. The company now has to haul its logs to mills that it owns farther away in Priest Lake and St. Maries, Idaho.

5) Partnership Potential

- a) Project includes partnerships with one or more groups or individuals to decrease the cost and/or increase the effectiveness of the project.

The Stimson project is supported by a wide range of government agencies, groups and non-profit organizations including the following:

Montana Fish, Wildlife and Parks
Kootenai National Forest
United States Fish and Wildlife Service
Vital Ground Foundation
National Fish and Wildlife Foundation
American Wildlands
Libby Rod & Gun Club
The Nature Conservancy of Montana
Montana Wildlife Federation
Yaak Valley Forest Council
Cabinet Resources Group
Interagency Grizzly Bear Committee
Troy Shooting Club
Bull Lake Rod & Gun Club
Kootenai Forest Stakeholders Coalition

In the coming weeks, TPL will also be seeking to gain the support of the Lincoln County Commission. Several years ago, TPL worked with the commission (and other counties) to support its efforts to purchase a conservation easement on more than 142,000 acres of Plum Creek timberland in the Thompson and Fisher River drainages southeast of Libby. This easement was well received by the local community and will likely be instrumental in gaining the commission's support this time as well.

As outlined above, TPL is requesting only \$6.5 million from the FLP for the Stimson project. This funding commitment will be matched with at least a 25% in-kind contribution from Stimson in the form of donated land value arising from the bargain sale of the easement. The rest of the purchase price will be funded through a yet-to-be-determined combination of grants from other sources, including the BPA, the HCP Land Acquisition Grant Program and NFWF's Acres for America Grant Program. While most of these other funding sources are deemed to be federal in origin and, therefore, cannot be used as "match" for the FLP, they will nonetheless

decrease the overall amount of FLP funding that will be needed to complete the project, thereby leveraging the program's overall cost effectiveness.

6) Natural Aesthetic and Scenic Resources

- a) Area is listed in local, state, or federal landscape inventory as distinctive or noteworthy,
- b) Area includes locally or regionally important panoramic views and or exceptional short views,
- c) Area is situated along a designated scenic travel-way.

Area is listed in local, state, or federal landscape inventory as distinctive or noteworthy

The Stimson project area includes several notable local, state and federal landscape inventory points of interest including the following:

- Cabinet Mountains Wilderness: Encompasses 94,272 acres in East Cabinet Mountains. Designated as wilderness in 1964. Includes 20 hiking trails, 85 small lakes and numerous craggy peaks including 8,738-foot Snowshoe Mountain.
- Ross Creek Cedars Scenic Area: 100 acre ancient grove of western red cedars located four miles off of Bull Lake Road / Highway 56. It is considered a must-see attraction in Lincoln County.
- Kootenai River: Eligible for Wild and Scenic River System designation.
- Bull River Wildlife Management Area: Encompasses more than three square miles at the south end of Bull Lake. Located strategically between the East and West Cabinet Mountains in the headwaters of Bull River and Lake Creek drainages. Encompasses wetlands, critical bull trout habitat and an important migration route for big game and large carnivores.
- Kootenai Falls Wildlife Management Area: Includes 200-foot-high Kootenai Falls. Site of recent big horn sheep reintroduction.

Area includes locally or regionally important panoramic views and or exceptional short views

The Stimson project area provides exceptional scenic views of the Kootenai River, the Lake Creek valley floor, the West and East Cabinet Mountains and various notable peaks like Yaak Mountain, Snowshoe Peak, Kootenai Mountain and Copper Mountain. To alert incoming motorists of the area's extraordinary scenic values, Lincoln County has installed roadside signs at scenic outlooks throughout the project area reading: *"Rich, Rare, Remote: Three words that simply describe the essence and charm of Kootenai River Country"*. Completing the conservation easement purchase on the Stimson lands will help to protect the views and scenery that Lincoln County and the Montana Tourism Commission care so much about.

Area is situated along a designated scenic travel-way.

Highway 2, which follows the Kootenai River from Libby to the Idaho border, and Highway 56, which runs between the City of Troy and Bull Lake, are widely revered, by locals and visitors alike, as two of northwest Montana's most scenic drives. However, neither stretch of highway has been designated as an official National Scenic Byway.

7) Public recreation opportunities

- a) Water-based recreation is present (boating, swimming, fishing, rafting, canoeing),
- b) Trail-based and day-use recreational opportunities exist (hiking, picnicking, horseback riding, birding, cross-country skiing, etc.,
- c) Natural resource recreational activities are available (camping, hunting, berry picking, etc.).

Water-based recreation is present (boating, swimming, fishing, rafting, canoeing)

The Stimson project area provides a wide range of water-based recreation opportunities. This includes rafting, drift boating, canoeing and swimming in the Kootenai River as well as fishing in the area's many streams and lakes.

Trail-based and day-use recreational opportunities exist (hiking, picnicking, horseback riding, birding, cross-country skiing, etc.)

Extensive day-use recreational opportunities abound within the Stimson project area. Many miles of backcountry roads provide ready access to the surrounding Kootenai National Forest. Some areas are closed to motorized vehicles in order to protect wildlife and watershed values, instead offering recreational opportunities for non-motorized activities like hiking, wildlife viewing and horseback riding. Many miles of single-track trails are also located within the area, providing mountain bikers with challenging terrain and spectacular views. Snowmobiling, snowshoeing and backcountry skiing are also popular pursuits in the winter months. In addition to the direct recreation opportunities that they offer, the Stimson lands also provide access to thousands of acres of adjoining National Forest System lands.

Natural resource recreational activities are available (camping, hunting, berry picking, etc.)

Several developed campgrounds are located on the surrounding National Forest System lands, as are a seemingly unlimited supply of dispersed camping sites on the Stimson lands. These sites provide treasured opportunities for residents and visitors to enjoy camping, fishing, hiking and other summer recreation opportunities. In August and September, when berries ripen, many people flock to the woods to pick huckleberries as a family activity. And in the Fall, when the larch turn to a golden yellow and the elk begin to bugle, hunting season for deer, elk, moose, bear and other big game species begins in earnest.

8) Public education opportunities

- a) Rare and/or important educational opportunities are present
- b) Parcel is accessible to population center(s).

Rare and/or important educational opportunities are present

The Stimson project area provides numerous educational opportunities, which have already been discussed as part of the Eligibility Criteria on page 18 of this application.

Parcel is accessible to population center(s)

The Stimson project lands (particularly those located along the Kootenai River and in the Ruby Creek and O'Brien Creek drainages) are accessible via US Highway 2 - a two-lane, paved highway, which runs between the larger communities of Kalispell, Montana to the east and Sandpoint, Idaho to the west. This route extends farther to the east through Glacier National Park and farther to the west through Spokane, Washington, providing access to local and regional residents, commercial users as well as the visiting public.

The Stimson lands located near Bull Lake and in the Lake Creek drainage south of Troy are accessible via State Route 56, which intersects with US Highway 2 to the north near Troy and State Highway 200 to the south near Noxon. Several local roads guarantee access to the Stimson lands in this area, which are primarily located just off the valley floor next to National Forest System lands.

There are also multiple Forest Service System roads that provide access to the Kootenai National Forest for commercial resource-based activities and for outdoor recreation activities. Some of these roads also provide access to and/or through the Stimson project lands.

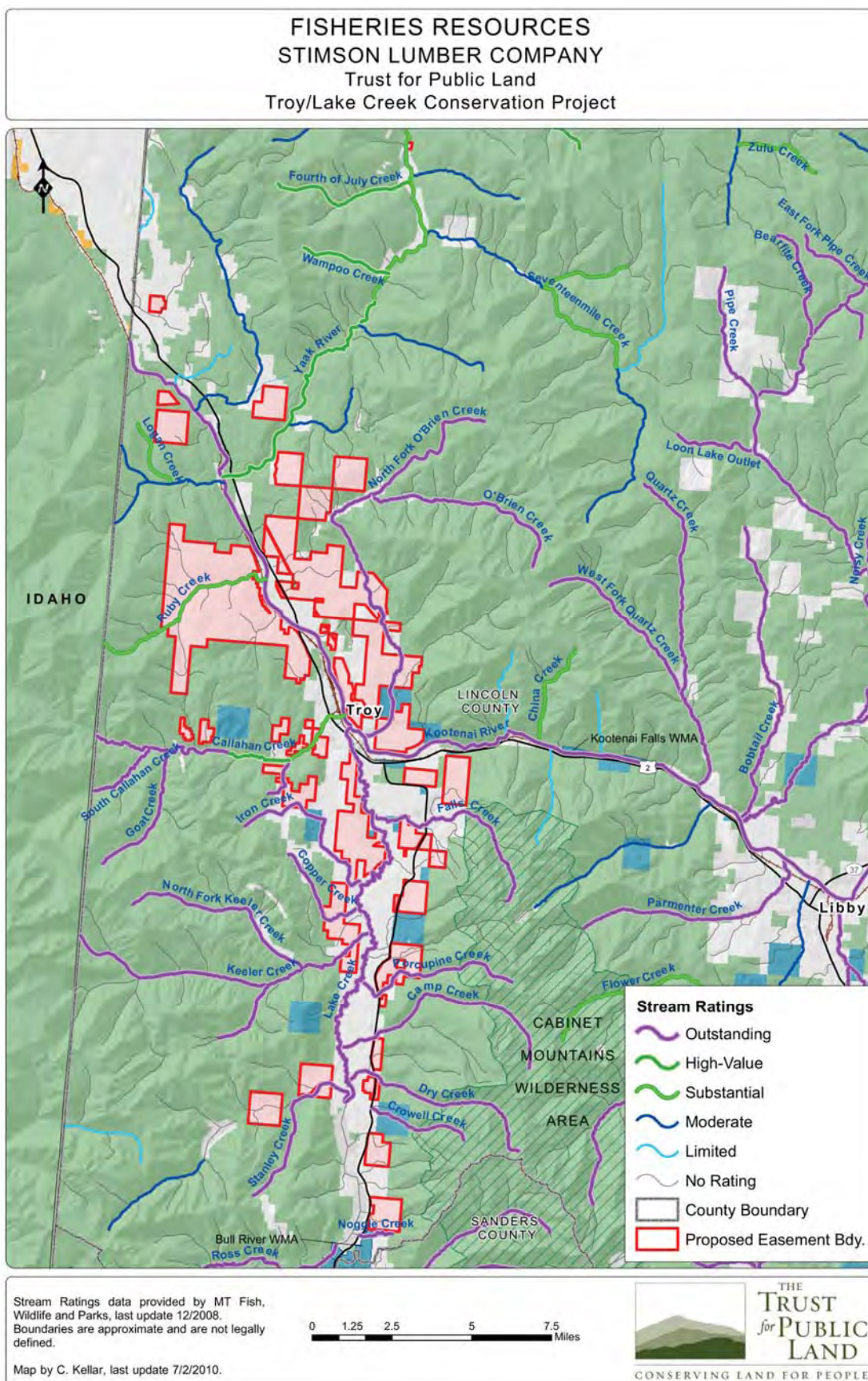
The road system described above is both a benefit and detraction relative to the Stimson property. Most of the Stimson lands are easily accessible, making them more attractive for subdivision and development. However, the same road system that makes these lands easily accessible also enhances opportunities for the recreating public. The proposed conservation easement would be an excellent tool for eliminating potential development, while still serving to enhance public recreational access throughout the Stimson project area.

9) Riparian resources

- a) Parcel includes important wetlands (especially isolated wetlands) or is adjacent to watershed protection areas,
- b) Project can maintain or increase the quality or quantity of water,
- c) Area is situated on major river or stream,
- d) Area has more than 300 lineal feet of river or wetland shoreline,
- e) Area includes floodplain and natural valley storage components,
- f) Area contains a minimum 80-foot strip of native trees and shrubs as a natural buffer and sediment filter,
- g) Area contributes to a public or private drinking water supply.

Parcel includes important wetlands (especially isolated wetlands) or is adjacent to watershed protection areas

Small open water areas and marshland habitats are interspersed throughout the Stimson-owned lands, particularly in association with the Kootenai River and the many streams and creeks that course through the area.



Project can maintain or increase the quality or quantity of water

The purchase of a conservation easement on the lands that Stimson owns in the Troy/Lake Creek area would preclude all future residential and commercial development. This would eliminate the negative impacts on water quality that could potentially come with such development. Stimson's commitment to operating its lands according to the Sustainable Forestry Initiative (SFI) program and its entering into a multi-resource management plan as part of the easement purchase will go a long way in guaranteeing that local water quality and quantity in the area remains unchanged.

Area is situated on major river or stream

As noted above, several streams and rivers flow through the Stimson project. These include more than 20 miles of the Kootenai River and significant reaches of several perennial streams including Spar Creek, Keeler Creek, Callahan Creek, O'Brien Creek and Ruby Creek. All told, the Stimson project lands contain almost 45 miles of perennial stream reaches.

Area has more than 300 lineal feet of river or wetland shoreline

The Stimson project area contains many miles of streams and shoreline around numerous isolated wetlands. As shown on the map on the preceding page, MFWP has identified almost 10 miles of "outstanding" bull trout habitat and just over 4 miles of "substantial" westslope cutthroat trout habitat on the Stimson lands alone.

Area includes floodplain and natural valley storage components

The Stimson project area contains substantial floodplains associated with the Kootenai River and its tributary streams, but an acreage estimate is not available. By maintaining the forestland character and preventing subdivision and development of the property, the floodplain areas will continue to accommodate natural processes.

Area contains a minimum 80-foot strip of native trees and shrubs as a natural buffer and sediment filter

One of the primary ways of protecting streams and other water bodies from sedimentation and other adverse effects of logging is the creation and maintenance of riparian buffers. Riparian forest buffers are areas of vegetation adjacent water bodies that help to maintain the integrity of the water resources. They provide important benefits that include the protection and enhancement of water quality, flood protection, water temperature moderation, stream bank stabilization, and habitat and food supply for aquatic and terrestrial life.

Managing all of its timberlands according to the standards established by the Sustainable Forestry Initiative (SFI) program, Stimson is dedicated to protecting water quality in the streams and lakes wherever it operates. Its foresters and scientists work collaboratively with state, federal and academic institutions to test and improve management practices to ensure water quality in streams, lakes and other water bodies.

In the Troy/Lake Creek area, Stimson is also required to manage its lands in accordance with a Native Fish Habitat Conservation Plan, which was put into place by Plum Creek in 2000 before

Stimson's original purchase. This plan requires Stimson to minimize forestry impacts to riparian function through streamside buffering, limited harvesting and other strategies.

In addition, MFWP will likely propose 80-foot permanent stream buffers on key fish spawning streams within the Stimson project area. Such buffers would be patterned after those developed in the North Swan Valley Conservation Easement Project, which Stimson has reviewed and tentatively approved.

Area contributes to a public or private drinking water supply

Stretching from the south end of Bull Lake all the way to the Idaho border, the Stimson project area contributes significantly to local private and public water supplies. Rain and melting snow get carried down from the mountains, seeping into the ground and eventually into underground aquifers. The City of Troy, located in the middle of the Stimson project area, gets all of its municipal water supply from two wells, which provide water to almost 700 users. All other water users outside of the city also get their water from similarly fed underground wells. In addition, the Kootenai River, which flows through the project lands, provides about one quarter of the U.S. water storage capacity for the entire Columbia River hydropower system, providing reliable, renewable electric power to customers throughout the Pacific Northwest.



10) Fish, wildlife and plant habitat encompassed

- a) Area contains habitat for forest-interior or forest-nesting birds.
- b) Area harbors significant populations of high priority resident bird species and/or Neotropical migrant species, as designated by the Montana Partners In Flight Landbird Conservation Plan,
- c) Area is home to significant populations of forest inhabiting mammals, reptiles, amphibians and invertebrates,
- d) Area exhibits connective habitats, corridors, habitat linkages, and other areas that reduce biological isolation,
- e) Area provides habitat for threatened, endangered or sensitive species,
- f) Area contains plant species listed as threatened, endangered or of special concern,
- g) Area includes all or part of an Important Bird Area identified by MT Partners In Flight.

Area contains habitat for forest-interior or forest-nesting birds

The Stimson project area provides a diversity of deciduous, coniferous, mixed forest and woodland habitat types for the following bird species:

American Crow	Common Redpoll	Northern Goshawk
American Goldfinch	Common Yellowthroat	Northern Pygmy-Owl
American Redstart	Cooper's Hawk	Northern Saw-whet Owl
American Robin	Cordilleran Flycatcher	Northern Shrike
American Three-toed Woodpecker	Downy Woodpecker	Olive-sided Flycatcher
American Tree Sparrow	Dusky Flycatcher	Pileated Woodpecker
Audubon's Warbler	Dusky Grouse	Pine Grosbeak
Barred Owl	Evening Grosbeak	Pine Siskin
Black-backed Woodpecker	Flammulated Owl	Pygmy Nuthatch
Black-billed Magpie	Fox Sparrow	Red Crossbill
Black-capped Chickadee	Golden-crowned Kinglet	Red-breasted Nuthatch
Black-headed Grosbeak	Gray Catbird	Red-naped Sapsucker
Blue Jay	Gray Jay	Ruby-crowned Kinglet
Bobolink	Great Gray Owl	Ruffed Grouse
Bohemian Waxwing	Great Horned Owl	Sharp-shinned Hawk
Boreal Chickadee	Hairy Woodpecker	Spruce Grouse
Boreal Owl	Hammond's Flycatcher	Steller's Jay
Brewer's Blackbird	Harris's Sparrow	Swainson's Thrush
Brown Creeper	Hermit Thrush	Townsend's Solitaire
Brown-headed Cowbird	Hoary Redpoll	Townsend's Warbler
Bullock's Oriole	House Wren	Vaux's Swift
Cassin's Finch	Lazuli Bunting	Violet-green Swallow
Cassin's Vireo	Lincoln's Sparrow	Western Wood-Pewee
Cedar Waxwing	MacGillivray's Warbler	White-breasted Nuthatch
Chestnut-backed Chickadee	Merlin	White-headed Woodpecker
Chipping Sparrow	Mountain Bluebird	Wild Turkey
Clark's Nutcracker	Mountain Chickadee	Williamson's Sapsucker
Common Raven	Northern Flicker	

The Stimson project area also provides important riparian and wetlands habitat for the following bird species:

American Dipper	Gadwall	Osprey
American Wigeon	Great Blue Heron	Pied-billed Grebe
Barrow's Goldeneye	Green-winged Teal	Red-breasted Merganser
Blue-winged Teal	Harlequin Duck	Red-necked Grebe
Bufflehead	Herring Gull	Red-winged Blackbird
California Gull	Hooded Merganser	Ring-billed Gull
Canada Goose	Killdeer	Ring-necked Duck
Canvasback	Lesser Scaup	Spotted Sandpiper
Cinnamon Teal	Mallard	Tufted Duck
Common Goldeneye	Marsh Wren	Tundra Swan
Common Loon	Northern Pintail	Virginia Rail
Common Merganser	Northern Shoveler	Western Grebe
Double-crested Cormorant	Northern Waterthrush	Wood Duck

Area harbors significant populations of high priority resident bird species and/or Neotropical migrant species, as designated by the Montana Partners In Flight Landbird Conservation Plan

Montana Partners In Flight is a partnership of government and non-government agencies, organizations and individuals committed to the conservation of long- and short-distance migrant and resident landbirds and their habitats through inventory and monitoring, research, management and education efforts across the state of Montana. The partnership's primary goal is to direct resources to the conservation of all birds and their habitats through cooperative efforts in the areas of monitoring, research, management, education, and international cooperation.

The Stimson project area supports habitat for the following priority bird species as identified in Montana Partners In Flight Bird Conservation Plan:

Montana Partners In Flight <u>Priority Species</u>	Montana PIF Priority <u>Level</u>	MFWP Species of <u>Concern</u>	Natural Heritage Program Sensitive <u>Species</u>	BLM Special Status <u>Species</u>	USFS Sensitive <u>Species</u>	National Audubon National <u>Watch List</u>
Northern Harrier	III	--	--	--	--	--
Bobolink	III	--	--	--	--	X
Calliope Hummingbird	II	--	--	--	--	--
Nashville Warbler	III	--	--	--	--	--
Flammulated Owl	I	X	X	X	X	--
Chipping Sparrow	III	--	--	--	--	--
Cassin's Finch	III	--	--	--	--	--
Brown Creeper	I	--	--	--	--	--
Vaux's Swift	II	--	--	--	--	--
Chesnut-backed Chickadee	III	--	--	--	--	--
Golden-crowned Kinglet	III	--	--	--	--	--
Varied Thrush	III	--	--	--	--	--

Montana Partners In Flight <u>Priority Species (cont'd)</u>	Montana PIF Priority <u>Level</u>	MFWP Species of <u>Concern</u>	Natural Heritage Program Sensitive <u>Species</u>	BLM Special Status <u>Species</u>	USFS Sensitive <u>Species</u>	National Audubon National <u>Watch List</u>
Black-backed Woodpecker	I	X	X	X	X	--
Olive-sided Flycatcher	I	--	--	--	--	--
Townsend's Solitaire	III	--	--	--	--	--
Northern Goshawk	II	X	X	X	--	--
Williamson's Sapsucker	II	--	--	--	--	--
Pileated Woodpecker	II	--	--	X	--	--
Cassin's Vireo	III	--	--	--	--	--
Townshend's Warbler	III	--	--	--	--	--
Clark's Nutcracker	III	--	--	--	--	--
Ruffed Grouse	II	--	--	--	--	--
Red-naped Sapsucker	II	--	--	--	--	--
Great Gray Owl	III	X	X	X	--	--
Boreal Owl	III	X	X	X	X	--
Barrow's Goldeneye	II	--	--	--	--	--
Hooded Merganser	II	--	--	--	--	--
Bald Eagle	II	X	X	--	X	--
Cordilleran Flycatcher	II	--	--	--	--	--
Veery	II	--	--	--	--	X
Red-eyed Vireo	II	--	--	--	--	--
Killdeer	III	--	--	--	--	--
American Redstart	III	--	--	--	--	--
Willow Flycatcher	II	--	--	--	--	--
Rufous Hummingbird	III	--	--	--	--	X
Harlequin Duck	I	X	X	X	X	--
Hammond's Flycatcher	II	--	--	--	--	--
American Dipper	III	--	--	--	--	--
Common Loon	I	X	X	X	X	--
Trumpeter Swan	I	X	X	X	X	X
Peregrin Falcon	II	X	X	--	X	--
Black Swift	II	X	X	--	--	X
Red-winged Blackbird	III	--	--	--	--	--
Brewer's Blackbird	III	--	--	--	--	--

PIF Priority Levels:

- I = Conservation Action Required. Species with declining population trends and for which Montana has a clear obligation to implement conservation.
- II = Species Monitoring Required. Species in need for which state has responsibility, but with lesser threat or stable/increasing populations.
- III = Local Concern. Species of concern which rank lower, are not in imminent risk, or which are near-obligates for high priority habitat.

Area is home to significant populations of forest inhabiting mammals, reptiles, amphibians and invertebrates

The Stimson project area provides important habitat for the following forest inhabiting mammal, reptile, amphibian and invertebrate species:

Mammals

Beaver
Big Brown Bat
Black Bear
Bobcat
California Myotis
Canada Lynx *
Columbian Ground Squirrel
Coyote
Deer Mouse
Dusky or Montane Shrew
Elk
Fisher *
Gray Wolf
Grizzly Bear *
Heather Vole
Hoary Bat *
Little Brown Myotis
Long-eared Myotis
Long-legged Myotis
Long-tailed Vole
Marten
Masked Shrew
Meadow Vole
Montane Vole
Moose
Mountain Goat
Mountain Lion
Mule Deer
Northern Flying Squirrel
Northern Pocket Gopher
Northern River Otter
Pika
Red Squirrel
Red-tailed Chipmunk
Silver-haired Bat **
Southern Red-backed Vole
Striped Skunk
Townsend's Big-eared Bat *

Mammals (con't)

Vagrant Shrew
Water Shrew
Western Jumping Mouse
White-tailed Deer
Wolverine *
Woodland Caribou
Yellow-pine Chipmunk

Reptiles

Common Gartersnake
Northern Alligator Lizard *
Painted Turtle
Rubber Boa
Terrestrial Gartersnake
Western Skink *

Amphibians

American Bullfrog
Coeur d'Alene Salamander *
Columbia Spotted Frog
Long-toed Salamander
Northern Leopard Frog *
Pacific Treefrog
Rocky Mountain Tailed Frog
Western Toad *

Invertebrates

Caddisfly
Millipede
Riffle Beetle
Stonefly
True Fly
Autumn Meadowhawk
Banded Tigersnail
Black Meadowhawk

Invertebrates (con't)

Banded Tigersnail
Black Meadowhawk
Black-tipped Darner **
Brown Hive
Coeur d'Alene Oregonian
Cross Vertigo
Fir Pinwheel **
Forest Disc
Giant Gardenslug
Hedgehog Arion
Herrington Fingernailclam
Idaho Forestsnail
Lake Darner **
Magnum Mantleslug *
Meadow Slug
Paddle-tailed Darner
Painted Lady
Pale Jumping-slug *
Purplish Copper
Pygmy Slug *
Quick Gloss
Reticulate Taildropper *
Robust Lancetooth *
Rocky Mountainsnail
Saffron-winged Meadowhawk
Salmonfly
Shadow Darner
Sheathed Slug *
Signal Crayfish
Smoky Taildropper *
Spotted Spreadwing
Spruce Snail
Striped Meadowhawk
Treble-bar Moth
Variable Darner
Western Pearlshell *
White-faced Meadowhawk

* Species of Concern

** Potential Species of Concern

Area exhibits connective habitats, corridors, habitat linkages, and other areas that reduce biological isolation

The USFWS has identified four important linkage areas connecting endangered grizzly bear populations in the Cabinet, West Cabinet and Purcell Mountains. All four corridors touch the

Stimson project lands. These connections are also important for other wide-ranging forest carnivores such as wolverine, fisher, wolf and lynx.

American Wildlands has identified the Cabinet-Purcell conservation area as one of the most important wildlife linkage zones in the Northern Rockies, providing important movement corridors for wide ranging carnivore species like grizzly bear, wolf, wolverine and lynx and for wide-ranging ungulates like elk, moose and big horn sheep. Along with the Crown of the Continent, the Cabinet-Purcell conservation area is only one of two wildlife corridors with the potential to connect wide-ranging species (particularly grizzly bear) living in the Lower 48 to more stable and robust populations in British Columbia and Alberta.

In a Priority Linkage Assessment completed in 2008, American Wildlands concluded that wildlife connectivity in the Cabinet-Purcell area is changing dramatically with increasing subdivision, development, highway traffic and other human activities. The greatest threat to habitat connectivity identified in the assessment is private lands subdivision and/or conversion of agricultural or timberlands that currently comprise vast amounts of open space that are permeable to wildlife.

Of the 43 priority linkage areas identified by American Wildlands in the Cabinet-Purcell area, four are located within the Stimson project area. Their individual attributes are summarized as follows:

	<u>Troy</u>	<u>Lake Creek/ Bull River</u>	<u>Lower Yaak</u>	<u>Kootenai Falls</u>
Importance	Close proximity to core areas in Purcell Mountains and East and West Cabinets. Heavily timbered, providing good cover and security for wildlife movement.	Critical habitat connections between east and west Cabinets. Natural funnel for movement of wide-ranging species. Major public lands link.	Spans Yaak River and Yaak River Road between Teepee and Saddle Mountains. Used by grizzly bears. Contains high quality wildlife habitat.	Connects the Yaak with Cabinet Mountains. Important north-south movement corridor.
Threat Ranking	Intermediate	Intermediate	High	Intermediate
Ecological Setting	Follows Kootenai River, Highway 2 and railroad corridor from Troy to ID. Dominated by forest. Good quality grizzly bear habitat.	Mountain forests, shrublands and agricultural lands, interspersed with small subdivisions. Highway 56 bisects area.	Mostly public land. Predominantly coniferous forest. Widely used by carnivores and ungulates. Timber harvest and roads are widespread.	Largely comprised of public land, with some development along Highway 2. Mostly forested with cottonwoods along Kootenai River.
Major Threats	Private development. Increased highway and railroad traffic.	High rate of subdivision and growth along Lake Creek. BPA planning to upgrade power line in this area.	USFS may sell piece of land with old buildings on it. Parcel considered critical for its excellent linkage values.	Wildlife mortality caused by railroad and Highway 2. Highway expansion would heighten problem.
Conservation Opportunities	Conservation easements on private land. Potential wildlife underpass.	Land conservation identified as most important conservation tool in this area.	Revisions of Forest Plan and public comments through NEPA process.	Potential highway crossing. Conservation easements on private land.

Area provides habitat for threatened, endangered or sensitive species

The area where the Stimson Troy/Lake Creek lands are located provide critical habitat for the following threatened, endangered and sensitive wildlife species as identified by the USFWS, MFWP, the USFS and BLM:

	<u>USFWS</u>	<u>State</u>	<u>USFS</u>	<u>BLM</u>
<u>Mammals</u>				
Townsend's big-eared bat	--	S2	Sensitive	Sensitive
Wolverine	--	S3	Sensitive	Sensitive
Canada Lynx	Threatened	S3	Threatened	Special Status
Fisher	--	S3	Sensitive	Sensitive
Grizzly Bear	Endangered	S2/S3	Endangered	Sensitive
<u>Birds</u>				
Great Blue Heron	--	S3	--	--
Perigrine Falcon	Delisted	S3	Sensitive	Sensitive
Common Loon	--	S3B	Sensitive	Sensitive
Cassin's Finch	--	S3	--	--
Northern Goshawk	--	S3	--	Sensitive
Brown Creeper	--	S3	--	--
Harlequin Duck	--	S2B	Sensitive	Sensitive
Flammulated Owl	--	S3B	Sensitive	Sensitive
Pileated Woodpecker	--	S3	--	--
Bald Eagle	Delisted	S3	Threatened	Sensitive
<u>Reptiles</u>				
Northern Alligator Lizard	--	S3	--	--
<u>Amphibians</u>				
Western Toad	--	S2	Sensitive	Sensitive
Coeur d'Alene Salamander	--	S2	Sensitive	Sensitive
<u>Fish</u>				
Westslope Cutthroat Trout	--	S2	Sensitive	Sensitive
Bull Trout	Threatened	S2	Threatened	Special Status
Torrent Sculpin	--	S3	--	--
Columbia River Redband Trout	--	S1	Sensitive	--
White Sturgeon	Endangered	S1	Endangered	Special Status
<u>Invertebrates</u>				
Sheathed Slug	--	S2/S3	--	--
Smoky Taildropper	--	S2/S3	--	--
Robust Lancetooth	--	S1/S2	--	--
Western Perlshe	--	S2	Sensitive	--
Pale Jumping Slug	--	S1/S2	--	--
Magnum Mantleslug	--	S3/S3	--	--

S1 = At risk because of extremely limited and/or rapidly declining population numbers, range and/or habitat, making it vulnerable to global extinction or extirpation in the state

S2 = At risk because of very limited and/or potentially declining population numbers, range and/or habitat, making it vulnerable to global extinction or extirpation in the state.

S3 = Potentially at risk because of limited and/or declining numbers, range and/or habitat, even though it may be abundant in some areas.

Grizzly bear

Grizzly bear populations south of Canada are currently listed as “threatened” under the Endangered Species Act, except for the Cabinet/Yaak population, which is listed as “endangered”. In 1993, a revised Recovery Plan for grizzly bears was approved and adopted by the USFWS, identifying six areas as ecosystems where grizzly bears were known or thought to occur. One of these areas is the Cabinet/Yaak Ecosystem, which is located in the northwest corner of Montana and the eastern portion of the Idaho Panhandle.



According to MFWP and USFWS biologists, the Cabinet-Yaak recovery zone currently supports a grizzly bear population of only 35 to 40 individuals. Unlike the Greater Yellowstone and the Northern Continental Divide recovery zones where grizzly bear populations are more robust, grizzly bear numbers in the Cabinet-Yaak continue to remain at critically low levels, with the small number of females in this area limiting natural reproduction and population growth. The long-term natural dispersal of grizzlies into other areas of the Northern Rockies to the south will depend on this population increasing in size as well as it being able to survive and successfully reproduce on its own.

One solution to this problem is augmenting the local grizzly bear population by relocating females into the area from places like the Northern Continental Divide recovery zone where grizzlies are more established. Another solution is maintaining, restoring and enhancing wildlife connectivity across the larger landscape.

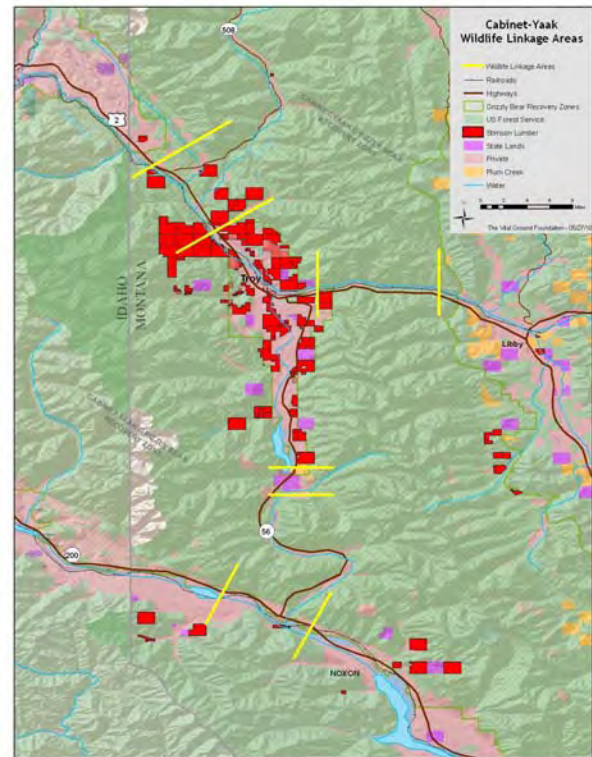


The 28,000 acres that Stimson owns in the Troy/Lake Creek area represent the largest block of privately-owned land in the Cabinet-Yaak recovery zone. Not only do the Stimson lands fall into occupied grizzly bear habitat, but they also serve as critical linkage zones (see map below) for grizzlies moving back and forth between large blocks of undeveloped land within the surrounding Kootenai National Forest where they can find food, shelter and security.

All of the Stimson lands in the Troy/Lake Creek area provide critical habitat for grizzly bear. Some, like those in the Lake Creek drainage between Bull Lake and Troy, serve as important buffer areas between higher elevation public lands and private lands on the valley floor. Others,

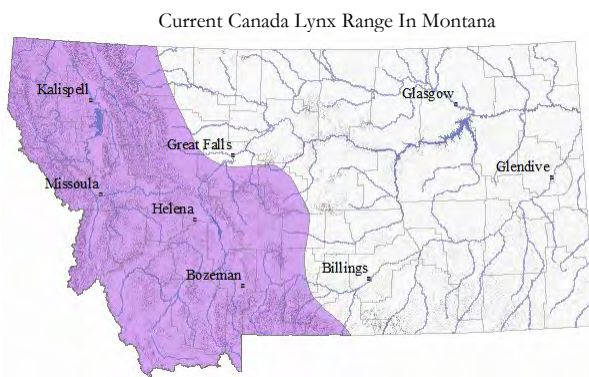
like the large contiguous blocks that Stimson owns on both sides of the Kootenai River north of Troy and the smaller tracts that it owns on the east side of Bull Lake, serve as high priority linkage areas for grizzly bears traveling between the West Cabinet Mountains and the Cabinet Wilderness Area and as they move north and south between the Cabinets and the Purcell-Yaak portion of the recovery area.

As USFWS Grizzly Bear Recovery Coordinator Chris Servheen insists, permanently protecting the Stimson lands from development will be a big win for grizzly bears, greatly enhancing on-going efforts to increase their population in the Cabinet-Yaak recovery area and helping to ensure connectivity among other populations to the west, north and east and to potential unoccupied habitat to the south.



Canada lynx

The Canada lynx has become exceedingly rare in the lower 48 states. Today small populations remain only in portions of Maine, the Great Lakes states, the northern Rockies/Cascades region, and Colorado – thanks to a successful reintroduction program that has been implemented there. It is unknown how many Canada lynx remain, but Montana and Washington appear to be the only states with significant populations.

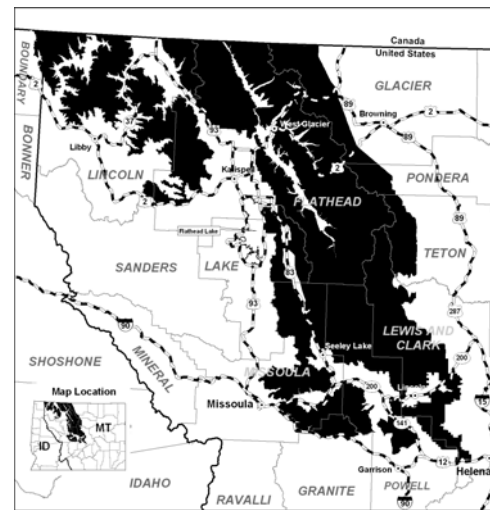


The Canada lynx, which was listed as “threatened” under the Endangered Species Act in early-2002, is a wide-ranging species that depends on boreal forests with thick vegetation that provides cover and browse for snowshoe hares - its primary food source. Individual lynx maintain large home ranges, generally ranging between 12 and 83 square miles, and for this reason, lynx populations can only persist in a large boreal-forested landscapes that contain appropriate forest types, snow depths and high snowshoe hare densities.

The USFWS has designated four areas within the United States as being critical habitat for the Canada lynx's recovery and continued survival. These areas occur in northern Maine, northeastern Minnesota, north-central Washington and northwestern Montana, including the area where large portions of the Stimson project area is located.

According to MFWP, Canada lynx occur in both the East and West Cabinet Mountains. University of Montana wildlife biologists have also tracked a radio-collared lynx from the Fishtrap Creek drainage in the Thompson River area, north through the Cabinet Mountains, into the upper Yaak. Recent studies in northwestern Montana and Canada also document lynx making seasonal forays to lower elevations, suggesting that they also may use the forested foothills areas where many of the Stimson lands are located.

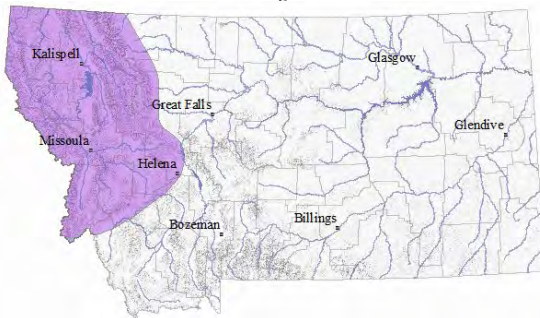
Northern Rockies Critical Habitat Unit



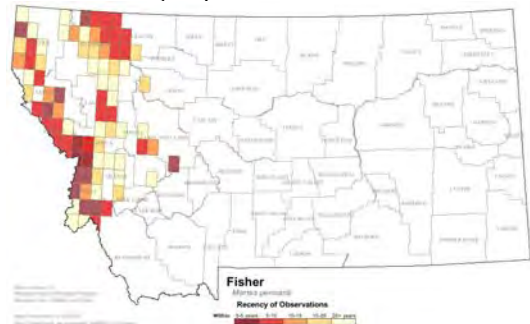
Fisher

The USFWS recently determined that the distinct fisher population in the Northern Rocky Mountain region may warrant federal protection as a “threatened” or “endangered species” under the Endangered Species Act. The Northern Rocky Mountain population area includes portions of northern Idaho, western Montana and northwestern Wyoming. The USFWS is currently undertaking a thorough review of the Northern Rocky Mountain population of fisher to determine if federal protection is warranted.

Current Fisher Range In Montana



Frequency of Fisher Observations



The 28,000 acres that Stimson owns in the Troy/Lake Creek area are all located in occupied fisher habitat. Fishers populate the lower forested slopes and benches of the West Cabinets, the Cabinet Wilderness Area and the Purcell Mountains. According to MFWP, almost all of the reported fisher sightings in Region 1 (an area in northwest Montana bounded to the west and north by the Idaho and Canadian borders, Glacier National Park to the east and Interstate 90 to the south) have occurred in the Lake Creek, Bull River and Kootenai River drainages and all within close proximity to the Stimson project lands. MFWP also maintains a strict trapping quota for fisher, only allowing two individuals to be taken within Region 1 each year. The statewide trapping maximum is seven per year.

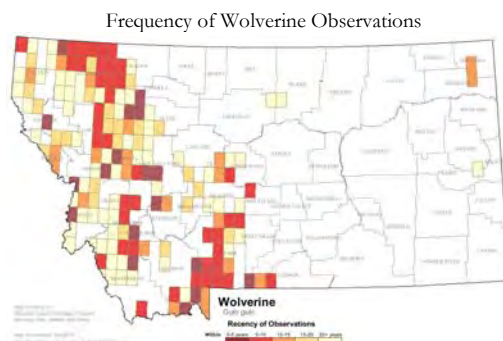
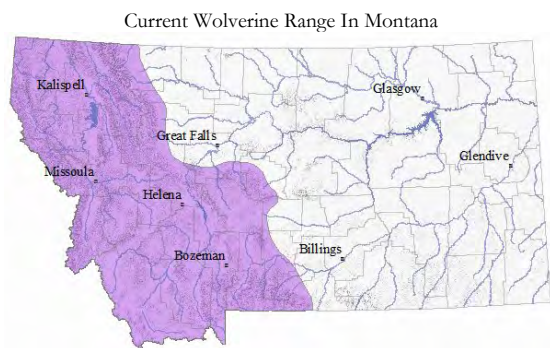
Fishers were extinct in Montana by the 1930's. Reintroduction efforts in 1959 and 1960 resulted in new fisher populations being established in Lincoln, Granite and Missoula counties. The most recent reintroduction effort was successfully completed between 1988 and 1991 when several fishers were released by MFWP in the upper Bull River and the nearby Ross Creek areas at the southern end of the Stimson project area. Further evidence of fishers being present on and near the Stimson lands comes from recent radio telemetry data as well as a report that MFWP, several years ago, captured an entire fisher family along the east side of Bull Lake where some of Stimson's most highly developable land are located.



Wolverine

Wolverine numbers declined substantially in the nineteenth and early-twentieth century due to trapping and poisoning for the fur trade. Today, loss of habitat, habitat fragmentation and potentially warming climates, are the species' main threats. To find enough food to survive in the rugged places where they live, wolverines must establish unusually large home ranges and routinely travel great distances. This, combined with their naturally low population densities and low reproduction rate, makes them vulnerable. Loss and fragmentation of habitat resulting from natural resource extraction, rural subdivision and resort development, and warming climates at high latitudes and high elevations are the gravest threats to wolverine conservation. Responding to this threat, the USFWS has initiated a status review of the wolverine to determine whether the species warrants protection under the Endangered Species Act.

In Montana, wolverines are generally only found in the mountainous regions of the state. They are limited to high-elevation alpine tundra areas, and boreal and mountain forests (primarily coniferous) and tend to be more prevalent in large wilderness areas where they have more room to roam and less opportunity for human interaction and conflict.



Wolverine are known to occur in both the East and West Cabinet Mountains. A recent observation was reported at Snake Creek Pass, just a few miles southeast of Bull Lake at the head of the South Fork of the Bull River. Based on observation data and results of other studies

of this wide-ranging species, wolverine are considered likely to visit the Stimson project area during the winter months looking for carrion associated with wintering elk and deer. They are also likely to use the travel corridors identified by the USFWS between East and West Cabinet mountain ranges.

Bull trout

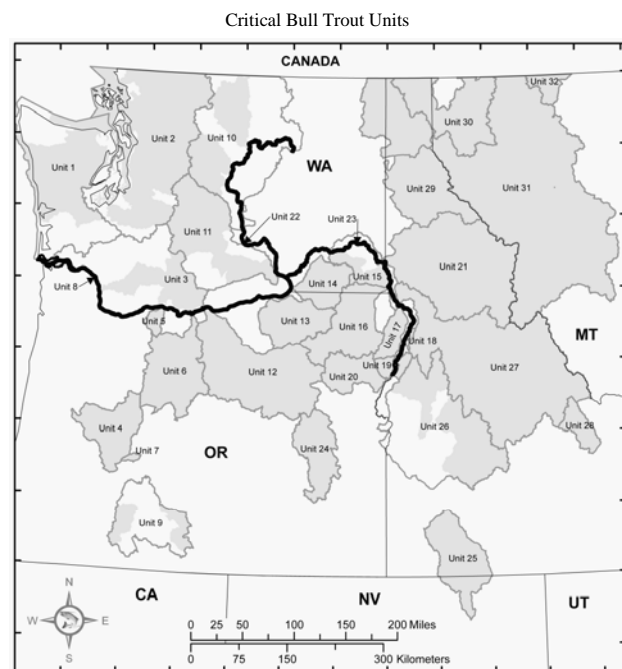
Bull trout are a cold-water fish that live in relatively pristine streams and lakes in northwestern North America. Bull trout have more specific habitat requirements than most salmonids. They require cold water temperatures, among the cleanest stream substrates for spawning and rearing, complex habitats, and connection from river, lake and ocean habitats to headwater streams for annual spawning and feeding migrations.

Bull trout can be found throughout the Columbia and Snake river basins, extending east to headwater streams in Idaho and northwest Montana, into Canada and in the Klamath River Basin of south-central Oregon. However, the distribution of populations is scattered and patchy, primarily due to habitat degradation and fragmentation.

Bull trout historically were found in about 60 percent of the Columbia River Basin. They now occur in less than half of their historic range. They have declined due to habitat degradation and fragmentation, blockage of migratory corridors, poor water quality, past fisheries management, and the introduction of non-native species such as brown, lake and brook trout. While bull trout occur over a large area, their distribution and abundance has declined and several local extinctions have been documented. Many of the remaining populations are small and isolated from each other, making them more susceptible to local extinctions. Expected climate change poses another major threat to bull trout throughout their range. With a warming climate, cool-enough spawning and rearing areas are expected to shrink during warm seasons, in some cases very dramatically, causing bull trout populations to become even more isolated from one another.

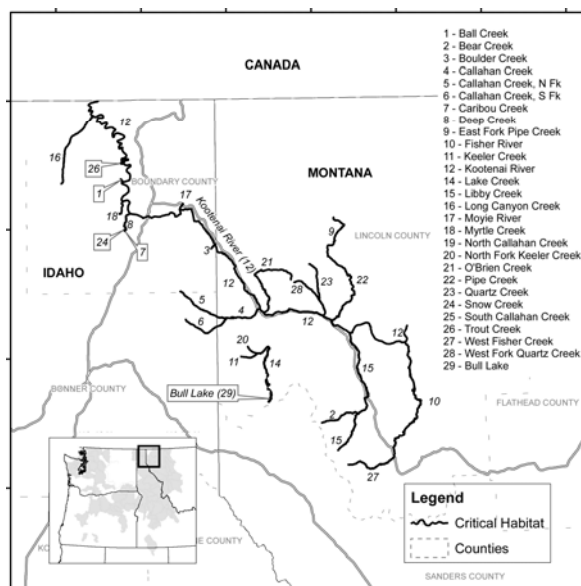
Recognizing these danger signs, the USFWS, in 1999, listed bull trout as “threatened” throughout their range in the coterminous United States, which includes Washington, Oregon, Idaho, Montana and Nevada.

Earlier this year, the USFWS proposed revisions to its 2005 critical habitat designations for bull trout. The proposal identifies 32 critical habitat units, designating approximately 22,679 miles of streams and 533,426 acres of lakes and reservoirs in Idaho, Oregon, Washington, Montana, and Nevada as critical habitat.



Designated critical bull trout habitat in Montana includes 3,094 stream miles and 223,762 acres of lakes or reservoirs – all located in the northwestern part of the state. Within the Kootenai River Basin critical habitat unit, there are 29 designated stretches of streams, rivers and lakes that the USFWS has identified as being critical to the long-term survival of the species. Several of these are located within the Stimson project area, with the most notable being Lake Creek, O'Brien Creek, Callahan Creek, Keeler Creek and the Kootenai River.

All told, MFWP estimates that the Stimson lands contain more than 15 kilometers of critically important bull trout stream stretches.



Columbia River redband trout

Throughout its distribution, the Columbia River redband trout has been facing declines due to altered or destroyed habitats, introduction of exotic and hatchery raised fish species, and seasonal drought. Although ranked by MFWP as a “high risk” species of concern and by the USFWS as a “species of special concern”, the resident redband trout population in Montana, as elsewhere in Oregon, Idaho and Washington, has been deemed not to be a candidate for listing as “threatened” or “endangered” by the standards established by the USFWS.

Nonetheless, redband trout in Montana are extremely rare and can only be found in Kootenai River drainage. The redbands in this area represent Montana’s only native rainbow trout population as well as the furthest inland penetration of redband trout in the Columbia River Basin. All other rainbows in the state stem from introduced, non-native origins.



According to MFWP fisheries biologists, one of the few streams where genetically pure redbands currently exist is Callahan Creek, which flows down from the west through the Kootenai National Forest, through the Stimson project area and into Lake Creek before it merges with the Kootenai River.

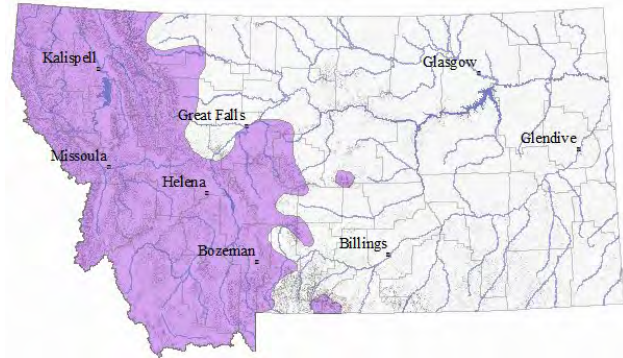
Long-term conservation and management of this subspecies will require state and federal agencies to develop a comprehensive plan to protect and restore redband trout throughout their native range in Montana. One objective is to develop a wild brood stock for reintroductions throughout the Kootenai River drainage. MFWP is already planning to bring wild redbands into

the Libby Hatchery to use for spawning and transport. Successful reintroduction of these hatchery fish may very well involve the creeks and streams that flow through the Stimson lands.

Westslope cutthroat trout

The Westslope cutthroat trout is one of two subspecies of native cutthroat found in Montana. Historically, it was the most widely distributed and abundant of the cutthroat subspecies. However, habitat degradation from livestock grazing, roads, mining and timber harvest have reduced the distribution of species in all states. Hybridization with rainbow trout and other cutthroat subspecies and competition with introduced brown trout have also taken their toll. Even though genetically pure westslope cutthroats occupy less than 5% of their historic range, they are not protected under the ESA even though the USFWS has received several formal petitions to list the species as “threatened” throughout its range.

Current Westslope Cutthroat Range In Montana



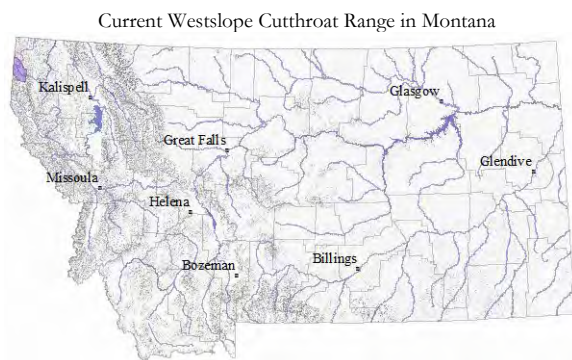
The Kootenai River and all of the streams in the Stimson project area are considered to be occupied habitat for westslope cutthroat trout. Ruby Creek, which flows for almost four miles through the Stimson project lands, has been singled by out MFWP fisheries biologists as being an exceptionally important stretch of habitat for the species.

White sturgeon

The Kootenai River in British Columbia, Idaho and Montana contains a unique landlocked population of white sturgeon that has been isolated from anadromous Columbia River populations since the last ice age approximately 10,000 years ago. This population is restricted to a 270-kilometer section of the river downstream of the Libby Dam and has been declining for

at least 40 years. Much of this decline was probably precipitated by the construction of the dam in 1971, which drastically changed the river's ecosystem by disrupting its natural flow regime and altering seasonal and daily water temperatures.

Due to these negative changes, the USFWS listed the Kootenai River White Sturgeon as “endangered” under the ESA in 2004.



In an effort to revive the fish's population, MFWP has been releasing juvenile white sturgeon (<4 years old) into the Kootenai River since 1994. In recent years, MFWP has also been releasing free embryos (2-4 days post hatch) into the river near Troy. While actual Stimson lands may not be near the actual capture or release

locations, MFWP fisheries biologists believe that the contemplated easement acquisition would be beneficial to the species nonetheless.

Area contains plant species listed as threatened, endangered or of special concern

The area where the Stimson Troy/Lake Creek lands are located provide critical habitat for the following plant species of concern:

<u>Plants</u>	<u>USFWS</u>	<u>State</u>	<u>USFS</u>	<u>BLM</u>
<u><i>Ferns and Fern Allies</i></u>				
Western Moonwort	--	S2 / S3	Sensitive	--
Stalked Moonwort	--	S1 / S2	Sensitive	--
Crested Shieldfern	--	S2	Sensitive	--
Mountain Moonwort	--	S3	--	--
<u><i>Flowering Plants</i></u>				
Diamond Clarkia	--	S2	Sensitive	--
Geyer's Biscuitroot	--	S2	Sensitive	--
Red Alder	--	S1	--	--
Western Pearl Flower	--	S1	--	--
Short-flowered Monkeyflower	--	S1 / S2	Sensitive	--
<u><i>Lichens</i></u>				
Collared Glass Whiskers Lichen	--	S1	--	--

S1 = At high risk because of extremely limited and/or rapidly declining population numbers, range and/or habitat, making it highly vulnerable to global extinction or extirpation in the state..

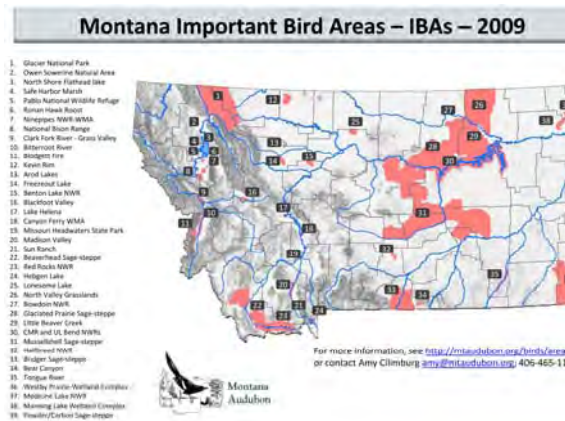
S2 = At risk because of very limited and/or potentially declining population numbers, range and/or habitat, making it vulnerable to global extinction or extirpation in the state.

S3 = Potentially at risk because of limited and/or declining numbers, range and/or habitat, even though it may be undant in some areas.

Area includes all or part of an Important Bird Area identified by MT Partners In Flight

The IBA Program is a global initiative to identify, monitor, and protect a network of sites critical for the conservation of birds. As of spring 2010, the Montana IBA Committee has approved 39 Important Bird Areas in the state, including the recent addition of the North Shore of Flathead Lake and the Sun Ranch in the Madison Valley.

At present, the Stimson project area does not fall into any of the 39 established Important Bird Areas in Montana.



11) Cultural and historical resources

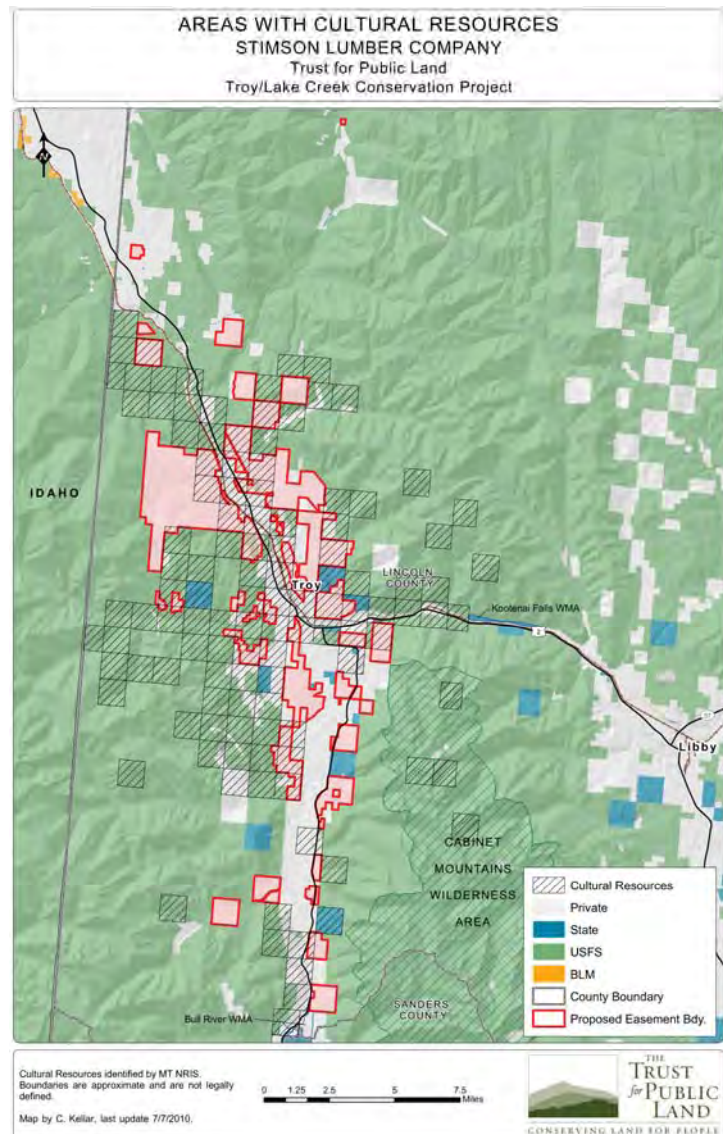
- a) Area contains recorded archaeological site(s)
- b) Area includes historic structure(s) or site(s)

Area contains recorded archaeological site(s)

Signs of human occupation in the Kootenai area go back at least 8,000 years, when indigenous people moved across the landscape hunting and gathering for their food. Through the use of geological, biological, sociological, and archaeological evidence, archaeologists have been piecing together how these natives used this area. There is a tremendous amount of evidence of their occupation throughout the region, providing the Kootenai Tribe with a vital link to their heritage. In the early-1880's, an English-Canadian fur trader, surveyor, and map-maker named David Thompson became the first recorded European to reach the Kootenai, establishing trading posts throughout the region. Gold strikes in the area in the late-19th century attracted thousands of miners and settlers to the region, followed soon by the arrival of railroads and steamboats. Logging also began to flourish in this area around the same time. Evidence of these various activities is scattered throughout the project area.

Area includes historic structure(s) or site(s)

A search of the Natural Resource Information System (NRIS) Digital Database for Cultural Data was conducted for the property. Although the database does not provide specific location information or data identifying the specific resources, it does indicate (as shown on the map to the right) that large portions of the project area have cultural resources associated with them. This likely includes old homestead cabins, historic railroad and logging structures, early ranger stations, original fire lookouts, old mill sites and countless native American cultural sites important to the Kootenai Tribe.



A more detailed cultural inventory search request has been submitted to the State Historic Preservation Office (SHPO). These results should be available before MFWP needs to submit its FLP priorities to the USFS for national review.

12) Opportunities for the continuation of traditional forest use

- a) Area provides opportunities for the continuation of traditional forest uses such as forest management, timber harvest, other commodity use and outdoor recreation.
- b) Explain plans for Forest Management, especially intensity of management,
- c) Explain plans for Livestock Management, especially intensity of management,
- d) Explain Public Access allowed; time of year/intensity of use/ types of use.

Area provides opportunities for the continuation of traditional forest uses such as forest management, timber harvest, other commodity use and outdoor recreation

The intent of the contemplated conservation easement purchase is to ensure that the lands that Stimson owns in the Troy/Lake Creek area will continue to be available for traditional timber management activities while still addressing important wildlife and public recreation needs. After the easement is in place, these lands will continue to be part of the local/regional commercial timber base, providing for saw logs, post and pole material, and wood chip/pellet material to the local wood products industry.

Explain plans for Forest Management, especially intensity of management

The management goal of the conservation easement and the accompanying multi-resource management plan will be to allow Stimson to maximize the value of its timber resource while, at the same time, managing for and protecting water quality, scenic viewsheds, biodiversity, wildlife habitat, species at risk, and areas with exceptional conservation value. Future timber management practices on the land will be carried out in accordance with good and sound silvicultural practices consistent with SFI standards just like they are now. All told, management intensity should remain relatively unchanged once the conservation easement is in place.

Explain plans for Livestock Management, especially intensity of management

Stimson currently does not allow any livestock grazing on any of the project lands. Under the terms of the conservation easement, grazing will be prohibited, except for periodic noxious weed control (with the prior approval of MFWP) and incidental uses associated with an authorized activity such as recreational horseback riding.

Explain Public Access allowed; time of year/intensity of use/ types of use

Under the terms of the conservation easement and the accompanying multi-resource plan, Stimson, along with all of its heirs and successors, will be required to provide public access to its lands on a year-round basis for non-commercial purposes, including but not limited to hunting, fishing, wildlife viewing, mountain biking and camping. Stimson will have the right to restrict public use in specific areas and under special circumstances as required to protect and restore environmentally sensitive areas and sites that have been damaged by public use or natural processes. Stimson may also restrict public access where active timber harvesting or replanting activities are taking place and for public safety reasons.

NATIONAL CORE CRITERIA

1) Importance

- a) Economic benefits from timber and potential forest productivity
- b) Economic benefits from non-timber products
- c) Threatened or endangered species habitat
- d) Fish, wildlife, plants and unique forest communities
- e) Water supply and watershed protection
- f) Public access
- g) Scenic
- h) Historic/cultural/tribal

HIGH IMPORTANCE

Project Protects Multiple Public Benefits With National Significance

Economic benefits from timber and potential forest productivity

- All of the Stimson-owned lands in the Troy/Lake Creek area are currently certified under the Sustainable Forestry Initiative (SFI). This certification requires management strategies that promote sustainable forestry management, taking into consideration all forest values. This includes taking measures to protect water quality, biodiversity, wildlife habitat, species at risk, and forests with exceptional conservation value
- Despite the recent downturn in the timber industry, the Stimson lands and the local jobs that it supports remains an important part of the local and regional economy. Due to local mill closures and other factors, the lumber and wood products manufacturing industry in the area has contracted. However, jobs associated with on-the-ground forest management activities remain and contribute to the local economy.
- Lincoln County has some of the most productive forestlands in Montana. While largely cut over by Plum Creek before they were sold in 2003, the Stimson project lands are widely regarded as having some of the best timber growing values in the region. This helps to explain why the company has classified them as a “strategic hold” pending the completion of the easement purchase.

Economic benefits from non-timber products

- The Stimson lands constitute an important element of the local and regional economy, supporting not only traditional forest products jobs but also forest-based recreational activities.
- The Stimson lands provide additional access points to the Kootenai National Forest, which borders almost every one of the parcels. Visitors from Montana and across the nation come to northwest Montana to hunt, fish, camp, hike, mountain bike and watch wildlife each year.

These activities will be enhanced by the fact that the Stimson lands, under the terms of the conservation easement, will be forever open to the public.

- The Stimson lands are located in one of the most valued hunting areas in northwest Montana. The area offers exceptional hunting opportunities for elk, mule deer, white tail deer, black bear, mountain lion and upland game birds.
- The Stimson project area also provides exceptional angling opportunities, with its numerous spawning and rearing streams supporting robust populations of native rainbows, westlope cutthroat trout and brook trout. Although listed as a “threatened” species, bull trout are also prevalent in this area, providing one more reason for anglers to come and test their luck here.
- The Stimson project area is a popular snowmobiling area, with the Kootenai National Forest offering some of the finest snowmobiling in the state.

Threatened or endangered species habitat

- Project area provides critical habitat for Canada lynx and bull trout – both listed as “threatened” species by the USFWS.
- Project area includes a significant stretch of the Kootenai River, which, below Kootenai Falls, supports Montana’s only remnant population of White Sturgeon, designated by the USFWS as being “in danger of extinction” throughout all or a significant portion of its range.
- Project area constitutes occupied grizzly bear habitat and is located entirely within the USFWS’ Cabinet-Yaak Grizzly Bear Recovery Zone where the grizzly bear is listed as an “endangered” species by the USFWS.
- Northern portion of project area (area north of Highway 2) is located within Northern Rockies Critical Habitat Unit, designated by the USFWS as critical for the recovery of Canada lynx.
- Entire project area lies within the USFWS’ Kootenai River Basin Critical Habitat Unit for bull trout recovery. Specific stream reaches within the Stimson project area have been identified as proposed Critical Habitat, including Lake Creek and O’Brien Creek, which provide habitat for a unique affluvial downstream spawning population.
- The Stimson project area includes critical habitat for Columbia River redband trout and trumpeter swan, which have been listed by the USFWS as “species of concern” and fisher, whose status is currently “under review”.

Fish, wildlife, plants and unique forest communities (as documented by a formal assessment or wildlife conservation plan)

- Project area supports habitat for the following Species of Greatest Conservation Need as identified by Montana Fish, Wildlife and Parks and as set forth in its state wildlife action plan, formally known as the “Montana Comprehensive Fish and Wildlife Conservation Strategy”.

Grizzly bear	Northern leopard frog	Flammulated owl
Canada lynx	Common loon	Black-backed woodpecker
Gray wolf	Trumpeter swan	Bull trout
Townsend’s big-eared bat	Harlequin duck	White Sturgeon
Coeur d’ Alene salamander	Bald eagle	Westslope cutthroat trout
Western toad	Olive-sided flycatcher	Columbia Basin redband trout

- Project area is identified in American Wildlands’ Priority Linkage Assessment for the Cabinet-Purcell Conservation Area as an important wildlife linkage zone for various wide-ranging carnivore and ungulate species.
- Project area is located within one of six wildlife and habitat “keystone initiative” areas that the National Fish and Wildlife Foundation (NFWF) is focusing on as a national priority. This particular initiative is focused on maintaining and improving habitat connectivity in the Northern Rockies, particularly between and among the Cabinet, Purcell, Selkirk and Bitterroot Mountains and the Yaak areas of northwest Montana and with a special emphasis on increasing the grizzly bear population within the Cabinet-Yaak recovery zone where the Stimson project lands are located. NFWF’s business plan for this initiative calls for the foundation to spend almost \$14 million over a 5-year period, with \$4 million earmarked specifically for land protection work. The remaining balance will be spent on identification, prioritization and planning efforts and on grizzly bear population augmentation and mortality reduction measures.
- Patagonia’s Freedom to Roam campaign identifies the Cabinet-Purcell Mountain Corridor where the Stimson lands are located, as a top conservation priority. The 28-million-acre corridor area includes portions of western Montana (Bitterroot Mountains), northern Idaho (Cabinet and Selkirk Mountains) and southern British Columbia (Selkirk and Purcell Mountains) as a critical link for maintaining the long-term biodiversity between the Northern Rocky Mountain area of the United States with the mountainous regions of British Columbia, Alberta and areas even further to the north. Much of Freedom to Roam’s interest in this area is centered on the protection and survival of the wide-ranging wolverine, which lives in isolated populations, mostly at higher elevations.
- Project area includes at least 44 priority bird species identified for protection in the Montana Partners In Flight Bird Conservation Plan.
- Project area provides important habitat for gray wolves, which have been “delisted” in Montana now that biological recovery goals have been reached. The species is now protected and managed as a “species in need of management” under Montana’s Nongame and Endangered Species Act.

- Project area is identified as a critical bull trout recovery area in the USFWS' 2004 Draft Bull Trout Recovery Plan and its 2010 Revised Designation of Critical Habitat for Bull Trout in the Coterminous United States (50 CFR Part 17).
- Project area is identified as a core recovery area in the USFWS' 2000 Canada lynx Conservation Assessment and Strategy and in the 2005 Lynx Conservation Agreement between the USDA Forest Service and the USFWS.
- Project area is identified as a core recovery area in the USFWS' 1993 Grizzly Bear Recovery Plan.
- Project area is considered to be occupied habitat for westslope cutthroat trout and a target for recovery efforts per a 2007 Memorandum of Understanding and Conservation Agreement for Westslope Cutthroat Trout and Yellowstone Cutthroat Trout in Montana that was signed by a host of government agencies, non-profit organizations and other stakeholders.
- Project area is within the targeted conservation area for the Great Northern Landscape Conservation Cooperative (GNLCC) – a new USFWS-sponsored initiative to address priority conservation needs in the face of climate change within the mountain and transitional habitats of parts of Montana, Wyoming, Oregon, Washington, Idaho and portions of interior British Columbia and Alberta. Six of the 12 GNLCC priority focal species are known to occupy the Stimson project area. These include bull trout, grizzly bear, trumpeter swan, willow flycatcher, wolverine and westslope cutthroat trout.

Water supply and watershed protection

- Project area includes a significant stretch of the Kootenai River, running from Kootenai Falls all the way to the Idaho border. It also includes significant reaches of several important streams including Spar Creek, Keeler Creek, Callahan Creek, Ruby Creek and O'Brien Creek.
- The City of Troy and all other water users throughout the project area get their water from underground aquifers, which are dependent on rainfall and snowmelt coming off of the Stimson property and the surrounding public landscape.
- The Koocanusa Reservoir, located upstream of the project area on the Kootenai River, provides about one quarter of the U.S. water storage capacity for the entire Columbia River hydropower system, which provides reliable, renewable electric power to consumers throughout the Pacific Northwest.

Public access

- The contemplated easement purchase will require that the Stimson project lands be open to the general public for recreation on a year-round and permanent basis.

Scenic

- Project area offers panoramic views of the West and East Cabinet Mountains, the Kootenai River, Yaak Mountain and many other signature peaks.
- Stimson lands surround the City of Troy and constitute its scenic backdrop.

- The Stimson lands are part of a landscape and scenic viewshed that are being marketed by Lincoln County and the Montana Tourism Council as: *"Rich, Rare, Remote"*.

Historic/cultural/tribal

- The Stimson project lands and the public lands that surround contain a variety of historic, cultural and tribal resource sites. These likely include includes old homestead cabins, historic railroad and logging structures, early ranger stations, original fire lookouts, old mill sites and countless native American cultural sites important to the Kootenai Tribe.

2) Threatened

- a) Legal protection
- b) Land and landowners circumstances
- c) Adjacent land use
- d) Ability to develop

HIGH RISK - CONVERSION LIKELY

Multiple conditions exist that make conversion to non-forest uses likely

Legal protection

- Very little, if any, of the private lands in the Troy/Lake Creek area are currently protected by conservation easements, zoning or other land use restrictions.
- One of the major goals of the new Lincoln County Growth Policy, which was adopted in June, 2009, is to maintain the rural character of the county and to preserve traditional and historic land uses, while preserving open space, the natural landscape, native vegetation and wildlife habitat to the greatest extent possible. This policy document, however, is only a guide and does not contain any regulatory restrictions that would prevent lands like those that Stimson owns from being converted to non-forest uses.

Land and landowners circumstances

- Stimson is in the process of liquidating almost most two-thirds of the timberlands that it owns in Montana.
- Stimson has already closed its only two processing and production facilities in Montana, shuttering its Libby mill in 2002 and its Bonner plant in 2008.
- The Stimson project lands include various HBU parcels that could easily be sold off for development and subdivision in a piecemeal fashion. Plum Creek set the precedent in 2004 and 2005 when it sold off several tracts of HBU lands that it held out of the original 2003 Stimson deal. These lands were sold off by Plum Creek at premium prices to various buyers, including a land developer out of Vancouver, Washington. A good portion of these lands are now subdivided and covered with homes. A similar fate could befall the Stimson lands, especially as the company continues to cut back its operations in Montana and as real estate prices and the demand for second homes begins to rebound.

Adjacent land use

- Except for the Stimson property, much of privately owned lands along Bull Lake, Lake Creek and the Kootenai River have already been subdivided and developed.
- In the last decade, much of the preliminary plat approval, lot creation and development activity in Lincoln County has been concentrated in the Lake Creek/Bull Lake area where many of the Stimson project lands are located.

Ability to develop

- Many of the Stimson lands, particularly those located south of Troy near Bull Lake and in the Lake Creek drainage, are particularly vulnerable to development, given their exceptional views, easy access and gently sloping terrain.
- There are no zoning or land use restrictions in Lincoln County.
- Throughout Montana, landowners have the ability to subdivide their land into parcels as small as 160 acres without any county review whatsoever.

3) Strategic

- a) Conservation strategy
- b) Compliment protected lands

HIGH STRATEGIC VALUE

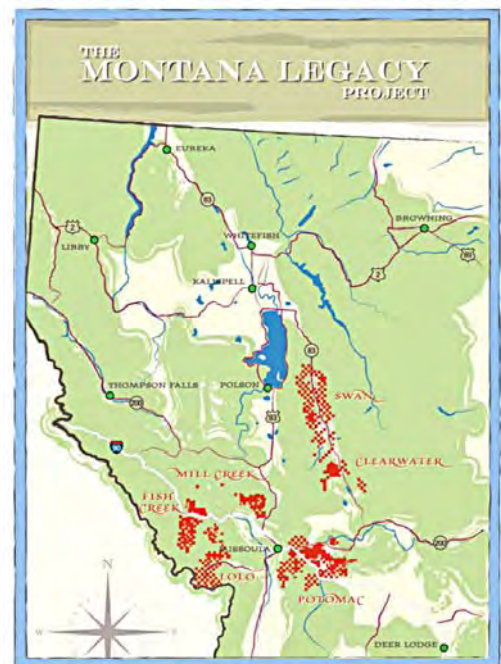
The property significantly advances a landscape-scale or watershed-based conservation strategy through infill and/or key linkages and supports previous conservation investments.

Conservation strategy

- The Cabinet-Purcell eco-region, where the Stimson project lands are located, are a natural extension of the Crown of the Continent, which includes northwestern Montana, southwestern Alberta, and southeastern British Columbia. The Crown of the Continent has gained worldwide attention among governments, scientists and non-profit organizations as one of the premier conservation areas in need of additional protection. This transboundary area has been highlighted as priority for landscape-level conservation as part of President Obama's new *America's Great Outdoors Initiative*.
- Stimson project area has been deemed a priority linkage zone by the following landscape-level conservation plans or initiatives:
 - American Wildlands' Corridors of Life Program
 - Western Governors' Association Wildlife Corridors Initiative
 - Patagonia's Freedom to Roam campaign
 - USFWS' Great Northern Landscape Conservation Cooperative
 - NFWF's Grizzly Bear and Northern Rockies Wildlife Corridors "Keystone Initiative"
 - USFWS' Grizzly Bear Management Plan
 - Yellowstone to Yukon Conservation Initiative

Compliment protected lands

- All of the Stimson project lands abut the Kootenai National Forest on one or more sides. Protecting them from development will complement the secure habitat and important wildlife linkage values that these public lands already afford.
- The Stimson project complements another nearby FLP project that was completed by TPL and MFWP between 2000 and 2003. This project involved a phased conservation easement purchase on more than 142,000 acres of forestland that Plum Creek owns in the Thompson and Fisher River drainages southeast of Libby. The habitat and wildlife connectivity values protected by this easement are very similar to those that TPL and MFWP are seeking to protect on the Stimson project lands as well.
- The contemplated easement purchase on the Stimson lands will complement Vital Ground's on-going efforts to protect key grizzly bear linkage areas within the Cabinet-Yaak-Purcell conservation area. To date, Vital Ground has secured conservation easements on approximately 2,200 acres in this area. This includes a 2007 FLP-funded easement on 1,647 acres owned by the Clifty View Nursery, just across the border in Idaho in the transitional zone between the steep northwest slopes of the Cabinet Mountains and the Kootenai River floodplain.
- The Stimson easement will also complement the Montana Legacy Project, which is a collaborative effort between TPL and The Nature Conservancy to purchase and protect more than 310,000 acres of forestland in northwest Montana. One of the main goals of this project is to maintain the unobstructed connections between dispersed areas for species such as Canada lynx, grizzly bears, wolves, deer, moose and other wide-ranging ungulates. This means conserving links within the Crown of the Continent, where the Montana Legacy lands are located, to the Salmon-Selway Wilderness Complex in Idaho. The success of this far-reaching strategy not only depends on protecting the Montana Legacy lands, but also conserving other areas with similar linkage values further to the west and north.
- Finally, the Stimson project will leverage the good work that the Avista Corporation, The Conservation Fund, Plum Creek and MFWP did in 2005 when they completed a conservation project that ultimately led to the creation of the 1,800-acre Bull River Wildlife Management Area at the south end of Bull Lake. The WMA is strategically located between the East and West Cabinet Mountains in the headwaters of the Bull River and Lake Creek drainages. Together with adjoining Stimson-owned land, it provides important habitat for waterfowl and bull trout and maintains a wilderness linkage that allows grizzly bears, lynxes,



bald eagles, gray wolves, fishers, and other wide-ranging wildlife to travel between the two mountain ranges

4) **Project Readiness**

- 1) Information has been documented to support cost estimate, such as completed market analysis or preliminary appraisal.
- 2) Landowner and easement holder have agreed to easement or fee acquisition conditions
- 3) Cost share commitment has been obtained from a specified source.
- 4) A signed option or purchase and sales agreement is held by the state or at the request of the state. Or, at the request of the state, conservation easement or fee title is held by a third party.
- 5) Title search is completed.
- 6) Minerals determination is completed.
- 7) Stewardship plan or multi-resource management plan is completed.

RELATIVELY HIGH PROJECT READINESS

The property significantly advances a landscape-scale or watershed-based conservation strategy through infill and/or key linkages and supports previous conservation investments.

Information has been documented to support cost estimate, such as completed market analysis or preliminary appraisal.

- A preliminary appraisal is being prepared by Pariac Neibergs of Norman C. Wheeler and Associates and will be completed prior to MFWP submitting its priorities to the United States Forest Service for national review and prioritization.

Landowner and easement holder have agreed to easement or fee acquisition conditions.

- TPL and Stimson have agreed to certain basic easement terms including the following:
 - Continued use of the property for commercial timber and resource management in a manner that is compatible with the scenic, water quality, fish and wildlife habitat, recreation and other conservation values that the Easement is designed to protect.
 - No residential, commercial or industrial structures.
 - Public access to the property for non-commercial uses, including but not limited to hunting, fishing, wildlife viewing and camping.
 - Future divisions of the property will be limited in number and will be allowed to help facilitate future conveyances of the property, provided that each resulting parcel is still subject to the easement.
- Stimson has agreed that the easement on its property will look very similar to the one that MFWP purchased from Plum Creek in the North Swan Valley in 2006.

Cost share commitment has been obtained from a specified source.

- The minimum 25% required match for the FLP will be entirely satisfied through an in-kind donation of land value from Stimson, arising from the bargain sale of the conservation easement. Stimson's commitment to providing the required matching funds in the form of in-kind donated value is secured in an option agreement with TPL.

A signed option or purchase and sales agreement is held by the state or at the request of the state.

- TPL and Stimson have entered into a 2-year option agreement, giving TPL the exclusive right to purchase a conservation easement on all of the lands that Stimson currently owns in the Troy/Lake Creek Area.
- Closing must occur no later than 60 days after TPL executes its option, which cannot occur any later than June 16, 2012.

Title search is completed.

- TPL has ordered a preliminary title commitment from Chicago Title Insurance Company of Oregon, Inc. This preliminary commitment, including a full listing of all Schedule B exceptions, will be complete before MFWP submits its priorities to the USFS for national review and prioritization.

Minerals determination is completed.

- A minerals potential report will be commissioned by TPL in the near future and will be completed prior to the easement purchase with Stimson being finalized. If warranted, TPL will also ask the title company to put together a mineral chain-of-title report, indicating the owner of the mineral estate on all of Stimson's lands. TPL will do everything possible to make sure that this work is done prior to MFWP submitting its priorities to the USFS for national review.

Stewardship plan or multi-resource management plan is completed.

- A Multi-Resource Management Plan will be finalized prior to the completion of the easement purchase. This plan will outline how long-term stewardship of the property will be achieved and how the soil, water, aesthetic quality, recreation, timber and wildlife resources will be managed and protected and will be very similar in content to the multi-resource management plan that Plum Creek agreed to as part of the North Swan Valley conservation easement that was purchased by MFWP in 2006. In its option agreement with TPL, Stimson has already indicated that it has reviewed this plan and that it is comfortable with the terms and conditions contained therein.